EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

FT No. 31,389

Tuesday February 26 1991

D 8523A

REDUNDANCY
Crunch for the fiftysomethings
Page 14

World News

## Reformers left out of new Soviet cabinet list

Radical reformers have been excluded from the list of cabinet ministers proposed by Mr Valentin Pavlov, Soviet prime minister, for approval by the Supreme Soviet. Page 16

### Warsaw Pact ends

The six countries of the Soviet-led Warsaw Pact disbanded their military alliance, which had divided Europe for almost half a century of cold war. Page 6

### Mandela to help

Nelson Mandela briefed President F.W. de Klerk on the crisis in South Africa's black schools and agreed to help the government to work towards equal education.

### Six may be freed

The Birmingham Six – Irishmen jailed for life after bombings in 1974 in which 21 people were killed – may be free next week. British prosecuting authorities do not intend to contest their appeal. Page 8

### Dissidents in fear

China's notorious Qincheng prison for political detainees is emptying of inmates but at least 11 pro-democracy dissidents still awaiting trial there fear they will be sentenced in secret.

### UN seeks private aid

Sadako Ogata, the newly appointed United Nations High Commissioner for Refugees, said in Geneva the agency planned to seek private donations to better help the world's 15 million refugees.

### London rail chaos

London commuters endured a second Monday of travel disruption when a suspected Irish Republican Army bomb exploded on a railway line north of the capital. Mainline stations were closed. Page 9

### Zhivkov on trial

Bulgaria's ousted communist president Todor Zhivkov became the first former East Bloc leader to go on public trial when he appeared in court on charges of embezzlement. Photograph, Page 6

### Réunion riots

Banks and shops were looted and cars burned during overnight riots in the French Indian Ocean island of Réunion. The incidents followed street protests against forced closure of a pirate television station.

### Challenge to Kaunda

Edward Shamwana, jailed for 10 years for his part in a 1980 coup plot against President Kenneth Kaunda, said he planned to stand for president of Zambia's main opposition party and later to oppose Kaunda.

### Thai assets frozen

The Thai military junta said it would appoint an interim government within a week. It also ordered assets of allegedly corrupt politicians to be frozen. Page 5

### Rebel offensive

Tigray rebels in Ethiopia said they had launched a large-scale offensive in the northern areas of Gondar and Gojam, claiming a series of victories.

### Korean protests

Angry students across South Korea marked President Roh Tae-woo's third anniversary in office with protests and clashes with riot police.

### China cool to Hanoi

Vietnam, trying to normalise relations with China, recently sent a secret delegation to Peking. But the Chinese response has been cool.

### Marx of progress

Mongolia's ruling communist party is dropping the teachings of Marx and Lenin because they are outdated, the party secretary said.

Business Summary

## EC plans economic policy veto by 1994

EC governments would have to submit their economic and budgetary policies to collective Community scrutiny and discipline as early as the second stage of European monetary union (Emu) starting in 1994, according to a compromise tabled by the Luxembourg presidency. Page 16

BOEING, world's largest manufacturer of commercial airliners, forecast vigorous long-term growth despite the severe recession affecting the industry. Page 17

FRANCE'S economy slipped into reverse in the final three months of last year. This was greeted by economists as proof that the country is entering a mild recession. Page 6

MANNESMANN, German engineering group, maintained last year's profits at around the 1989 figure of DM505m ($348m) but warned that business became "more difficult" during the year. Page 17

DAKS Simpson, London clothing store, accepted a £65m ($126m) takeover bid from Sankyo Seiko, Japanese clothing company. Page 17

MARKETS: Paris overcame computer difficulties and a bomb scare. CAC 40 index rose 28.29 to 1,745.17 - best level since August 10. Frankfurt: DAX gained 18.63 to 1,601.15. Tokyo: Nikkei climbed 559.95 to 26,462.76. New York: By 1.30 pm the Dow Jones was 2.96 higher at 2,892.32. Back Page, Section II

JP MORGAN, New York banking group, said it failed to syndicate a $1.1bn loan for the buy-out of IBM's typewriter and printer business. Page 17

VICKERS, UK engineering group, reported strong performance last year but warned that profits for 1991 may be lower than 1990. Page 18

DAIMLER-Benz, German vehicle, aerospace, and electronics group, will not increase dividend, despite higher profits, because of worsening economic outlook and the dollar's weakness. Page 18

ALWALEED bin Talal, Saudi prince who invested $590m in the convertible stock of Citicorp, pledged to restrict his stake in the US banking group to under 10 per cent. Page 20

ASAHI Glass, leading Japanese glass manufacturer, reported 25 per cent fall in pre-tax profit to Y63.6bn ($497m) in the year to end December. Page 22

COMALCO, Melbourne-based integrated aluminium producer, was hit by lower prices in 1990, with net earnings tumbling nearly 43 per cent. It forecast an even lower result in 1991. Page 22

NEXT, struggling UK fashion retailer, estimated that it made a pre-tax loss of about £40m ($79.2m) in the year to January 31. Page 18

AKER, top Norwegian industrial company, is poised to build on extensive restructuring with acquisitions in the UK and US. Page 20

STOCK exchanges of Jamaica, Barbados and Trinidad and Tobago have begun cross-listing companies as first step in creation of regional stock exchange. Page 24

STANLEY Works, US hand tools manufacturer, is to establish a joint venture near Krakow, Poland. Page 20

### Financial Times

From today the FT will publish the daily electricity pool price - the spot price for electricity in the newly privatised industry - in the company news section. The price, supplied by the National Grid Company, is quoted in pence per kilowatt hour on a half-hourly basis. Page 20

Bush says liberation of Kuwait is on schedule but warns against euphoria

# Allies push deeper into Iraq

By Tony Walker in Riyadh, Peter Riddell in Washington and Robert Graham in London



ALLIED forces consolidated their positions inside Kuwait and pushed deeper into southern Iraq to encircle the emirate on the second day of their ground offensive.

Iraqis were surrendering and being captured in ever-growing numbers last night with more than 20,000 taken prisoner since Sunday.

Allied casualties remained light. The US military reported that four of their soldiers had been killed and 21 wounded. Of the other 10 nations taking part in the offensive, two British servicemen were confirmed as having been killed just before the offensive. Mr Tom King, Britain's defence secretary, would not confirm suggestions that they were operating behind Iraqi lines.

Last night, however, an Iraqi Scud missile hit a building housing US soldiers in the Saudi city of Dhahran and 12 soldiers were reported dead by eyewitnesses. It was the highest number of casualties caused by a single Scud missile directed either against allied targets or Israel since Operation Desert Storm began on January 17.

There were warnings last night that allied forces, having gained the initiative and occupied more terrain than expected in the opening phase of the land campaign, were beginning to encounter stiffer Iraqi resistance and some of President Saddam Hussein's better-equipped units. US President George Bush said in a statement: "The liberation of Kuwait is on course and on schedule. We have the initiative." But he then cautioned: "We must guard against euphoria. There are battles yet to come, and casualties to be borne."

Iraq claimed to have repulsed several attacks on its forces in Kuwait and said some units had even counter-attacked.

In an effort to blunt the allied offensive, Iraqi military commanders appeared willing to move key armoured units out in the open from well-protected defensive positions just behind the north-west Kuwaiti border. Such manoeuvres were expected to produce the first serious engagement of the land war.

Brig-Gen Richard Neal, US military spokesman in Riyadh, said that 270 Iraqi tanks had been destroyed. He did not indicate how many had been knocked out from the air but several were believed destroyed in ground operations. This included 35 T-72s, the most modern Soviet-made tank in Iraq's armoury and used by the best units.

"At this moment we are entering the critical phase of this land battle," Mr King told the British parliament. He said the British armoured division was moving forward and was "coming into contact with more capable Iraqi units".

"The news so far has been good. There may be days ahead when it is more difficult," he added.

The allied forces appeared to have two principal objectives. One element of the multi-pronged offensive was aimed at securing Kuwait City and stopping the Iraqis as rapidly as possible from destroying the country's infrastructure further. Brig-Gen Neal said that

Continued on Page 16

A soldier of the US Marines Second Division guards an Iraqi prisoner of war in Kuwait

## Iraqi officer told soldiers to flee rather than fight

By Victor Mallet in south-west Kuwait

AN IRAQI officer advised the soldiers in his command to flee rather than face the allied ground attack, a prisoner of war said yesterday.

"Yesterday afternoon at about 3 o'clock our senior officer told us that the Americans were coming and we should save ourselves," a 29-year-old Iraqi sergeant called Amar explained.

"We have been afraid, because if any soldiers refused to go to the front, [Iraqi President] Saddam kills our families and puts us in prison."

Most of the 18,000 or more Iraqis who have surrendered to the allies since the ground offensive began were not the Republican Guards who invaded Kuwait so competently on August 2, or the Ba'ath party officials who executed and tortured Kuwaiti civilians.

These were officers and conscripts as disgusted with the violent ambitions of Mr Saddam as the Americans themselves.

An American supply truck came across a group of 43 deserters on the Saudi side of the border yesterday morning. Clutching wooden poles with white vests attached as a sign of surrender, they walked across the frontier during the night and gave themselves up to the first people they saw.

Some of the other Iraqi captives said they had not been fed for two days and were running out of water.

Amar himself – his family name is withheld for his own safety – was barefoot. He said he had thrown away his boots because they were too small and hurt his feet.

Amar said he had seen 16 of the 315 men in his unit killed by the allied air bombardment of the past month. Soldiers were unable to understand fully what was happening. "Our leader gives his orders," he said. "We don't have any radios in our units and if any soldier is found with a radio he is put in prison.

"Our president does not let us think at all. We want peace and hate war."

Like so many Iraqis, Amar spent six years fighting in the war launched by Mr Saddam against Iran in 1980, but he is not a professional soldier. He

Continued on Page 16

## Wallenbergs to pay SKr12.8bn for Saab-Scania of Sweden

By John Burton in Stockholm

THE Investor and Providentia investment companies controlled by the Wallenberg family yesterday made a SKr12.8bn ($2.3bn) accepted bid for a complete takeover of Saab-Scania, the Swedish vehicle and aerospace group.

Mr Peter Wallenberg, the head of Sweden's most powerful financial dynasty, said the move was designed to protect Saab-Scania from foreign takeover attempts once Sweden's foreign ownership rules were relaxed in the near future.

The bid is also in response to recent tax changes that require Swedish investment companies to redistribute all their dividend income to maintain their favourable tax status.

As a result, Investor and Providentia, which are used by the Wallenbergs to maintain control over their extensive industrial empire, need the ownership of an industrial concern as a new source of cash flow in addition to income generated from share deals.

In a related development, Mr Georg Karnsund, Saab-Scania president, announced his resignation. He will be succeeded by Mr Lars Kylberg, the president of Alfa-Laval, the Swedish dairy and food processing equipment maker sold a month ago to Tetra Pak, the Swiss-based liquid packaging concern.

Investor and Providentia made an uniform offer of SKr300 per share, a premium of 35-39 per cent above Friday's closing price for the several categories of Saab-Scania shares. Saab-Scania has a market value of SKr21.6bn.

The two companies, together with their jointly owned Patricia investment company, already control 49.1 per cent of the voting rights and 40.8 per cent of the equity in Saab-Scania, with other Wallenberg interests holding another 8.6 per cent of votes and 7.3 per cent of equity.

The deal will be financed by a SKr6.8bn issue of convertible bonds by Investor and Providentia and SKr6bn in bank loans.

The companies estimate that the purchase will raise their debt burden from SKr13.4bn to SKr38.4bn, while their assets will increase from SKr40.7bn to SKr70.7bn.

The bid had been expected following the Wallenberg's purchase of a voting stake for SKr4.3bn last year from Swedish financier Mr Sven-Olof Johansson, to stop his raid on the company's shares.

The deal, however, placed severe financial pressure on Investor and Providentia, forcing them recently to sell their controlling stakes in Alfa-Laval and the insurance company Skandia to raise capital.

Mr Wallenberg admitted that he did not originally plan to buy all of Saab-Scania, but falling share prices on the Stockholm bourse in the second half of 1990 prevented the selling of the shareholding acquired from Mr Johansson at SKr330 a share.

Speculation about a Wallenberg bid has driven up the Saab-Scania share price in recent weeks with the Wallenberg offer being 70 per cent above the share price at the beginning of the year.

Background, Page 17



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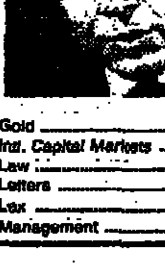
### Spain comes down with a bad case of 'provisionalism'



When Felipe Gonzalez won his third successive term in office he pledged that his "provisional" government would be quickly reorganised. That was 16 months ago

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MARKETS

**STERLING**
New York lunchtime:
$1.9248 (1.9445)
London:
$1.923 (1.944)
DM2.9275 (2.925)
FFr9.9525 (9.9475)
SFr2.5075 (2.5075)
Y256.5 (257.0)
£ index 94.2 (94.4)

**GOLD**
New York: Comex Apr
$360.8 (358.3)
London:
$364.35 (358.75)

**N SEA OIL** (Argus)
Brent 15-day Apr
$16.9 (+0.10)

Chief price changes yesterday: Page 17

**DOLLAR**
New York lunchtime:
DM1.522 (1.5055)
FFr5.174 (5.1225)
SFr1.303 (1.2923)
Y133.35 (132.05)
London:
DM1.5225 (1.504)
FFr5.175 (5.1175)
SFr1.3035 (1.2895)
Y133.35 (132.25)
$ index 61.4 (60.7)
Tokyo close: Y132.13

**US lunchtime rates**
Fed Funds $6\frac{5}{16}$% (5)
3-mo Treasury Bills:
yield: 6.162% (6.11)
Long Bond:
$97\frac{23}{32}$ ($97\frac{3}{4}$)
yield: 8.072% (8.06)

**STOCK INDICES**
FT-SE 100:
2,335.5 (+21.2)
FT Ordinary:
1,866.5 (+19.8)
FT-A All-Share:
1128.16 (+1.0%)
New York lunchtime:
DJ Ind. Av.
2,884.41 (−4.95)
S&P Comp
365.79 (+0.14)
Tokyo: Nikkei
26,462.76 (+558.95)

**LONDON MONEY**
3-month interbank:
closing $12\frac{13}{16}$% ($12\frac{7}{8}$)
Liffe long gilt future:
Mar $92\frac{3}{4}$ ($92\frac{27}{32}$)

## THE GULF WAR

# Allied forces subject Iraqis to a withering fire

By **Tony Walker** in Riyadh and **Victor Mallet** in Kuwait


IF THE Iraqi military command still had any illusions about the difficulty it faced, they would have been further dispelled yesterday by the air assault against a column of T-72 tanks, possibly operated by the Republican Guard, that ventured out of towards allied forces.

A-10 "tank-busting" aircraft and Apache AH-64 attack helicopters subjected the tank column moving south from positions north of the Kuwaiti border near the Iraqi town of Basra to withering fire. According to allied reports as many as 35 of the 80 or so tanks were destroyed.

This was the first time any elements from the seven divisions of the élite Republican Guards had thrust towards the allies since the beginning of the ground offensive early on Sunday. But such is allied control of the air that any attempt by Guard units to counter-attack has become extremely hazardous.

The allies, who have been bombing Guard positions day and night for weeks, estimate there are about 16 divisions – or some 150,000 soldiers – being held in southern Iraq as a strategic reserve.

Theoretically, their task is to strike back at the enemy after the steam has been taken out of the advance by frontline defences. While this approach was successful against Iranian "human wave" tactics in the Gulf war, Iraq's élite forces are completely naked without air cover in this latest conflict and are therefore at the mercy of US tank-killing warplanes. The allies made 1,300 sorties in the Kuwaiti area, of which 700 were close air support missions. Four US aircraft were lost.

On the second day of the war, the allies appeared to be on the way to fulfilling the aim enunciated by General Colin Powell, chairman of the US joint chiefs of staff, who said the allied mission was to isolate the Iraqi forces in the Kuwait theatre of operations, as Kuwait and southern Iraq is known in military jargon, and then "kill them."

Gen Powell's dictum envisages a humiliating rout of the enemy and destruction of a great deal of Iraqi military equipment. Critical to this strategy is the encircling manoeuvre now being executed by some 10,500 troops of the French 6th Light Armoured Division and 3,000 US airborne troops who have swept rapidly north deep into Iraq from Saudi Arabia to the west of Kuwait.

Latest reports indicate these highly mobile forces have penetrated some 160 km into Iraq to block a possible escape route for Iraqi forces seeking to move west.

After mounting the largest helicopter attack in history on Sunday, the US 101st Airborne division yesterday set up a forward supply base 80 km inside the Iraqi border.

Allied forces are moving forward on all fronts, albeit at a slightly reduced pace after the Sunday's furious onslaught.

Allied spokesman say armoured and mechanised divisions are meeting light to moderate resistance, but as yet there has been no pitched battle and little sign that the Iraqis are able or willing to make a stand.

Even the much-vaunted Republican Guard appears to have been slow to react which raises the question as to whether its capabilities may not have been exaggerated. US spokesmen said the Guard's combat effectiveness had been reduced by about 40 per cent before the land battle started.

News of progress of the British Challengers 1 tanks of the 4th and 7th British Armoured Brigade has been sketchy, but they are believed to be continuing to rumble forward to engage Republican Guard units and play their part in isolating the Iraqis. Meanwhile the US VIIth Corps on their left flank is reported to have advanced about 50km into Iraq.

Egyptian and Syrian armour was also pressing forward into Kuwait from positions north of the Saudi town of Hafar al Batin. Victor Mallet of the Financial Times followed Egyptian forces into the Kuwait theatre and reported they were proceeding relatively slowly against some resistance.

Allied forces led by the 2nd Marine Division were last night poised to enter Kuwait City. In one engagement, US Marine forces were reported to have destroyed between 50 and 60 Iraqi tanks.

Meanwhile, in Kuwait City Iraqi troops were said by US and Saudi spokesmen to be engaging in a reign of terror against civilians, and were also causing further widespread damage to buildings and other facilities.

Stories of the continued rape of Kuwait may well be spurring on the allies in their drive to liberate the city while something is left and to relieve pressure on the estimated 300,000 - 400,000 besieged Kuwaitis and Palestinians trapped there.

The US is also likely to be continuing to reinforce elements of the 82nd Airborne Division and Saudi parachute troops reported to have landed north of Kuwait City on Sunday. There was no sign as yet of a marine amphibious landing in Kuwait. About 20,000 Marines are waiting for word to go ashore.

The commander of the amphibious group said he did not expect an assault order "in the near term" but that could change instantly.

In Paris, the French military said Iraqi forces to the far west of Kuwait had been overwhelmed.

In Riyadh, Brigadier General Richard Neal of US Central Command after detailing a string of allied successes, including the destruction of some 270 tanks since the ground offensive began yesterday, warned the coalition had employed "only a small portion of its total combat power." There have been no reports of the US XVIII Army Corps in action.

A BRITISH HEAVY artillery unit unleashes a savage barrage of fire against Iraqi positions inside Kuwait

# Armoured Titans may never meet

By **Paul Abrahams** and **Andrew Slade**

IF THE full weight of allied and Iraqi armour clash in the largest tank battle since the Second World War, it will represent a blow for allies' strategy. The allies hope such a tank battle will not take place.

Allied commanders believe it will be possible to counter the Iraqi's 2,500 remaining tanks by co-ordinating the extraordinary power of modern artillery infantry-operated anti-tank weapons, strike aircraft and attack helicopters.

The result is that while the tank may not be obsolete, it is now only one of many methods of dealing with enemy armour. By the end of the conflict the conventional military wisdom that the best anti-tank weapon is another tank will have been seriously challenged.

Allied doctrine was demonstrated yesterday when an Iraqi column of about 80 T-72 tanks, possibly operated by the Republican Guard, was attacked from the air as it attempted to engage allied armour.

The column, which was less than a couple of hours from allied forces, was repeatedly assailed by A-10 specialist anti-tank aircraft and Apache AH-64 attack helicopters before it could reach the allied ground troops. Marine Brig Gen Richard Neal claimed afterwards that 35 T-72s had been destroyed.

The allies' doctrine is to attack Iraqi armour concentrations using artillery, jets and attack helicopters before they reach friendly ground troops. This prevents the full force of the Iraqi armour meeting the allies' main battle tanks, the American Abrams M1A1 and British Challenger 1.

The strategy was formulated not because the allied armour is inferior to the Soviet-built equipment.

The Abrams M1A1 is one of the most advanced tanks in the world with British-designed Chobham armour that makes its front almost invulnerable to fire. The Iraqis would need to engage the Abrams' flanks or rear at short ranges to have a chance of damaging the vehicle.

In contrast, most of the Iraqi tanks, which include Soviet-built T-54s, T-55s and T-62s, are basic though reliable tanks whose design dates from the 1950s. Although the T-62 is potentially lethal at short ranges under 2,000 metres, it is no match for any of the allied main battle tanks whose guns have a far greater range.

However, the allies are anxious to prevent Iraq's T-72s engaging allied armour in large numbers. Operated by the Republican Guard and a small number of other units, the T-72 is far more capable than its earlier cousins.

## Long-expected battle pulling in 6,000 tanks might never happen

With a powerful 125mm main gun, it can fire armour piercing rounds as far as 2,100m and less effective high-explosive rounds up to 4,000m. Its low silhouette also makes it difficult to hit.

A short-range encounter between these Soviet-designed tanks and allied armour could lead to heavy casualties, when the Americans have specifically stated their desire to minimise casualties.

Instead, the allies are attempting to use their theoretically superior command and control systems to allow ground troops to call in support from artillery, attack helicopters and aircraft before they reach the friendly forces.

The destructive power of the weapons available against Iraqi armour is formidable. The Multiple Launch Rocket System, which consists of a single vehicle with 12 rockets, has the destructive power of a battalion of conventional artillery.

The devastation wreaked by the armament on the Apache AH-64 attack helicopter is considerable. The aircraft can carry two tons of ordnance and engage enemy tanks at ranges of 8km using eight laser-guided Hellfire anti-tank missiles, or at shorter range with its 30mm armour-piercing chain-gun ammunition and 36 free-flight anti-armour rockets. The helicopter also has highly sophisticated night-vision systems that allow the aircraft to engage enemy armour in the dark.

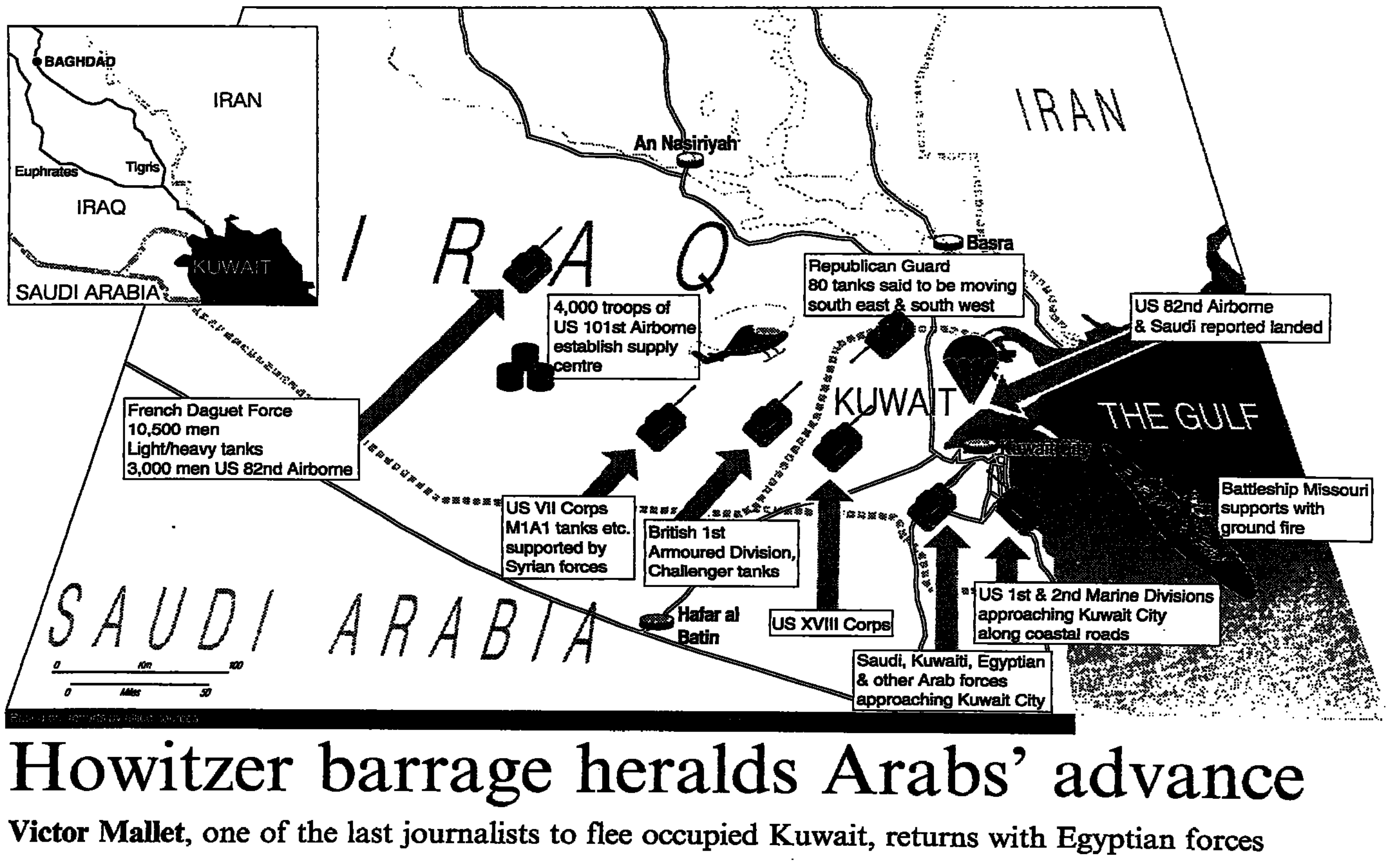
Yesterday's action against the T-72s was the first time the Apache, whose programme cost the US taxpayer $12bn (£6bn), has been used in the role for which it was designed – to strike deep behind enemy lines against tank concentrations.

The allies also used the formidable A-10 Thunderbolt, nicknamed the "Warthog", a lumbering, unsophisticated and ungainly aircraft which apparently represents the antithesis of the Americans' high-tech approach to war.

However, the Iraqi T-72s yesterday had little chance in the open against the A-10s' ordnance. The aircraft was specifically designed to destroy Warsaw Pact armoured columns.

Its six-barrelled 30mm cannon fires shells of depleted uranium at a rate of up to 4,000 rounds a minute, giving the weapon a distinctive "buzz-saw" sound. The canon alone is reputedly able to rip tanks apart. In addition it can carry heat-seeking Maverick or Hellfire missiles, 500lb bombs and Rockeye cluster munitions.

With such overwhelming fire-power available to allied ground forces, the real test will be whether the allies are able to co-ordinate the different arms effectively. If they do, the chances of the Iraqis being able to mount a successful counter-attack are considerably lowered.




# British ship shoots down feared missile

By **David White**, Defence Correspondent

ONE of the most feared potential threats in the Iraqi arsenal – the Silkworm shore-to-ship missile – was brought into action for the first time in the five-week-old conflict yesterday.

One was shot down in flight and a second crashed into the sea just after launch.

Allied naval commanders have been anxious about the vulnerability, especially of their support ships, to missile attack, and a successful strike would provide a prime propaganda prize for the Iraqis.

A three-tonne missile was launched just before dawn yesterday morning, and according to one report was aimed at the battleship USS Missouri, which has been bombarding the Kuwaiti shoreline with its 16-inch guns.

The downed Silkworm was intercepted by two Sea Dart air-defence missiles fired from the British destroyer Gloucester. The Sea Dart, which dates from the 1960s, was used successfully against Argentine aircraft in the Falklands, but it had never until now downed a missile in conflict.

Like the US Patriot system, which has made such a mark on the Gulf war by its success against Iraq's extended-range Scud missiles, the Sea Dart is an anti-aircraft system upgraded to enable it to counter missile attacks.

Allied ships are also equipped with specially-designed weapons to counter sea-skimming missiles such as the French-made Exocet, which Iraq possesses.

On January 24, two Iraqi Mirage F1 jets were shot down by a Saudi fighter just over the Gulf coast in what may have been an attempted Exocet attack, but otherwise the Exocet threat has not materialised.

Allied aircraft have carried out a number of raids to try to destroy Iraq's Silkworm sites. The site used for yesterday's launchings was attacked afterwards by US Navy aircraft, a British spokesman said.

# Howitzer barrage heralds Arabs' advance

**Victor Mallet**, one of the last journalists to flee occupied Kuwait, returns with Egyptian forces

IN August last year this featureless desert was swarming with refugees from the Iraqi invasion of Kuwait. Terrified Kuwaitis, westerners, fearful of being taken hostage, and truckloads of Egyptian, Indian and Filipino migrant labourers abandoned their livelihoods and fled across the sands to Saudi Arabia.

Yesterday the boot was on the other foot. Egyptian and Saudi tanks advanced into Kuwaiti territory under the thunder of their own howitzer barrages, cleared paths through Iraqi minefields and overran front-line Iraqi positions in the south-west of the country.

It was a far cry from those baking hot days in August when the refugees huddled around the Saudi fort at the Misna border crossing, waiting for food and water while bedouin riflemen carrying ancient weapons set off on their desert patrols.

Yesterday – Kuwait's national day – the columns of allied tanks, armoured personnel carriers and lorries advancing through the winter wind and rain stretched back across the frontier and past the fort into Saudi Arabia for as far as the eye could see. Egyptian soldiers raised their hands in V for victory signs. The Saudis shouted "OK" as their green flag, proclaiming the oneness of god and the primacy of the prophet Mohammed, fluttered from the turrets of their M-60 tanks.

Minefields and sporadic Iraqi artillery fire slowed the Arab advance into Kuwait, but all along the front Iraqi soldiers were surrendering to the overwhelming force of the multinational alliance.

The Egyptians edged forward into Kuwait through the afternoon, heading north and then east as the occasional incoming shell exploded in a puff of grey smoke nearby.

They moved across no-man's-land, over the dual carriageway between Kuwait City and Salmy, past an abandoned blue saloon car and on into enemy territory.

Six Egyptians lay seriously injured on the ground, receiving rudimentary medical care from the back of an armoured personnel carrier; a shape lay on a stretcher under a shroud. They were the victims, the Egyptians said, of their own multiple rocket launcher, which misfired and detonated a missile on the ground in front of them.

A wounded soldier screamed as a medical officer sewed up a hole in his leg.

All around, the Egyptians in their German-made chemical suits were hurriedly digging temporary foxholes in case of a more determined Iraqi artillery bombardment.

But allied air power seemed to have won the day.

Columns of vulnerable trucks advanced unhindered by the fear of an Iraqi air attack and the only sound from the sky was the buzz of American spotter planes.

Egypt's big guns spurted white flames and sent concussion waves over the battlefield as they pounded the Iraqi lines in the distance.

The mottled, brown butterflies fluttering over the tanks and troops did not seem to notice. Perhaps they were revelling in the sight of a desert so green and grassy in places that it resembled a lawn.

When peace comes, this winter's heavy rains will provide good grazing for the camels and sheep of the bedouin who once roamed freely between Saudi Arabia, Iraq and Kuwait – and doubtless will again.

# Rapid advance extends resupply operation

By **Peter Bale** of Reuter in Hafar al-Batin, Saudi Arabia

A VAST resupply operation has swung into action along the Saudi border to support Sunday's allied ground attack into Iraq and Kuwait.

Thousands of tankers, ammunition trucks, tank carriers and assorted specialist vehicles crowded the east-west supply route near the front. Chinook helicopters hurried urgent loads along the supply route code-named "Dodge".

The requirements of an American mechanised division are staggering. Its 5,400 vehicles need each day 1,400 tons of fuel, 1,000 tons of ammunition and 340 tons of food and other supplies.

Resupplying the allies on the left wing of the offensive will become increasingly difficult as they advance. There are few roads in southern Iraq and those that exist may have to be widened, and in parts resurfaced, if they are to be used to maximum efficiency.

The logistics operation has been carefully planned. On Sunday, units from the 101st Airborne division, known as the Screaming Eagles, flew more than 300 helicopters in an operation to set up a forward supply point more than 50 miles inside Iraq. The depot consisted of 60-square-mile staging area in Iraq to serve as a giant fuel and ammunition dump for later assaults.

# THE GULF WAR

It may take two years for the Kuwaiti oilfield fires to be brought under control

## 'Worse than our worst nightmares'

By Juliet Sychrava

KUWAIT'S oilfields are ablaze in a nationwide fire that Mr Nadir Sultan, president of the Kuwait Petroleum Company (KPC), described yesterday as "worse than our worst nightmares".

He estimated that it could take more than two years to bring all the fires under control.

More than 500 of Kuwait's 1,300 oil wells are now on fire, US military sources reported yesterday. This is twice as many as previously thought, and means that few fields are now unaffected.

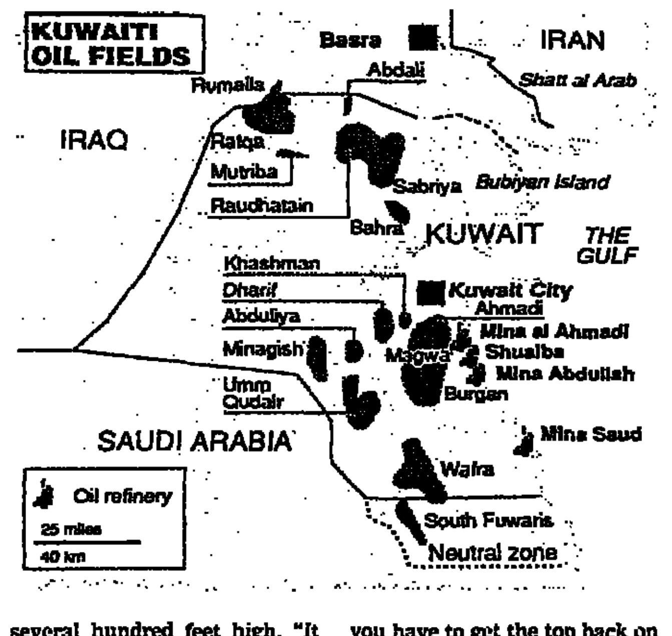
The KPC has already contacted the five US firefighting companies which, alone in the world, have the experience to deal with the blazing wells. Tackling the fires will be the first step in its well-laid plans for clearing up Kuwait when the land war is over, Mr Sultan said.

"Two hundred live fires could take two years to put out, using the five fire fighting companies and all their resources," he said. That was once you had all the equipment and resources at the sites, and the sites had been made safe, he added.

Boots and Coots, a Houston-based US firefighting company already contacted by the KPC, estimated that the cost of the operation could run into billions of dollars – "more than you can put in a wheelbarrow," said a spokesman.

Houston-based Cudd Well Control, also expecting to get work in Kuwait, said it could take anything between five days and five weeks to control a single well. No contracts have yet been signed but the US companies are expecting to fly out to Kuwait as soon as the land war is over.

Putting out the well fires is only half the problem the KPC faces. Because around half Kuwait's oil fields are operated under pressure, Mr Sultan said, stopping the oil from flowing from a damaged well could be very difficult. Unlike non-pressurised fields, where the oil flow will often shut off automatically when a fire starts, when damaged these release oil in a jet that can be several hundred feet high. "It is like a champagne bottle," Mr Sultan said. "If you break the top off it keeps flowing, and you have to get the top back on to stop it."




Even when the fires are put out and the oil flow stemmed, repairing the damage from fire and explosives to the control systems and valves at the well heads could be slow and expensive.

Immediately after the war, and while it deals with these problems, the KPC expects to import fuel to supply emergency services, such as ambulances, Mr Sultan said. He said the KPC had already arranged oil imports for this purpose.

"The next stage will be to bring crude production to a level for a minimal refinery run to replace those imports and meet our power plant needs," he said. He estimated this would be around 130,000 barrels per day.

The Shuaiba refinery on the east coast, one of Kuwait's smaller refineries, has been badly damaged; only the tank facilities at the other two refineries are believed to have suffered serious damage.

Exports, Mr Sultan said, were the next stage in the KPC's plan. "Initially we thought we should start exporting as soon as possible, to earn revenues for the state. But if 500 wells are on fire, and there is a lot of damage we have to balance our priorities."

He said the country might aim at 500,000 b/d of exports to start with. Although one of the country's export terminals has been destroyed, the other four, three of which are at coastal refinery sites, still have some export capability, Mr Sultan said.

Another problem with exporting oil from the Kuwaiti coast is the sabotage by the allied forces of the shipping manifold – the channel through which oil from all Kuwaiti terminals must pass before loading. This could take three weeks to repair, once the equipment was in place, Mr Sultan said, but it would be possible to bypass it. "I think the word "bypass" will be used a lot," he said.

One oil industry source said Kuwait might take up the option of laying a new pipeline to Jubail in Saudi Arabia, and exporting from there. But Mr Sultan said this was unlikely, as the Kuwaiti coast was closer.

## Baghdad finds itself still in the front line

By Lamis Andoni in Baghdad

BAGHDAD WAS shrouded with grey smoke yesterday, the second morning of the ground assault. Although the big battle was hundreds of miles away the capital remains a major target of the allied forces' bombardment.

The fog-like smoke blocked the view while an acrid smell filled the air. The night before, the allied forces had launched 15 air raids against the capital. It was like the early nights of the war. Baghdad rocked with blasts all night long.

The sky was lit with colourful fire tracers and twice it seemed to explode in two blasts of white fire.

The intensive bombardment, however, did not disrupt the gradual normalisation process in the capital. The downtown souks were crowded with shoppers by mid-day, but most Iraqis were glued to their radios to follow the news from the front.

Baghdad was certainly not paralysed by the ground offensive. It was nothing like the first shock brought about by the beginning of the bombardment five weeks ago.

But people realised that this was the decisive battle and they were worried. By mid-day, as the smoke was clearing, Iraqis appeared to have regained their usual confidence. Iraqi military communiqués which claimed that the army had "successfully repelled the attack" boosted their morale.

Some Iraqis were confused by the conflicting reports from the war front. People here listen to the Arab service of the BBC, Voice of America and Radio Monte Carlo as well as Radio Baghdad. But at this stage the Iraqis evidently trust their own media.

As soon as the Iraqi broadcaster completed reading Communiqué 62, Iraqis chanted "Allah akbar" (God is great), while women started ululating.

Meanwhile, Radio Baghdad was trying to refute each and every western report claiming that the Iraqi army was defeated in Kuwait.

Families with electric generators tuned in their television sets to a sympathetic network: the Iranian television. Once the voice of the enemy, the Iranian media and press have emerged as a credible source of information for many Iraqis in this war.

There are at least 20 Iranian journalists in Baghdad while the Iraqi government stopped jamming the Iranian television and radio broadcasts about a year ago.

**Baghdad Radio yesterday exhorted Iraqi soldiers to save the country from "the abyss of slavery" and repeated claims that the troops had crushed allied ground assaults, AP reports from Baghdad.**

**"Oh, heroic soldiers of Iraq .... strike at them and strike hard. Fight them hard and kill them mercilessly. Strike with the vengeance and anger that has filled you for tens, rather hundreds, of years," the radio said.**

**"Iraq is beseiged by danger and is being hit with grudge," it went on. "Deal that blow that will preserve existence, which they are seeking to scratch. Strike to open wide the doors to the future."**

**Earlier, another morale-boosting message said defeated enemy troops were "rolling in their blood and shame."**

**The Iraqi troops were urged: "Chase the enemy, strike at them mercilessly wherever they are and scatter their dismembered bodies on the sands of the desert."**

Many Iraqis questioned western reports, although they believed that their own communiqués might be exaggerating the army's performance. Many men have served in the army in the past, especially during the Iran-Iraq war, and say they can tell from the communiqué's language that the army has not suffered the blow that the west has claimed.

"When our army is not doing well, or the situation is uncertain, the military command remain silent," said one Iraqi who has fought in the Iran-Iraq war. In fact, people were very worried when the radio kept complete silence in the first six hours after the beginning of the ground assault.

The daily newspapers yesterday indicated that Iraq was confident of its army's performance: "If the US was the party that started the war, Iraq holds the key to its end," said Al Jomhouriyaha.

The renewed intensive bombardment of Baghdad on the second night after the start of the ground battle brought home to Iraqi residents a disturbing fact: the capital is still a major battlefield. But their minds and attention are focused on the front: they wait impatiently for military communiqués.

## Refugees cast doubt on atrocity reports

By Samia Nakhoul, Reuter Correspondent, in Ruweished, Jordan

REFUGEES from Kuwait said yesterday they saw no sign of Iraqi occupation troops carrying out systematic atrocities and executing civilians.

"We heard nothing, we saw nothing," Mr Mohammed Ali Hussein, 43, told reporters after reaching Ruweished on the Jordan-Iraq border, in a 12-car convoy that left Kuwait last Friday.

All the refugees denied any knowledge of what US Brigadier-General Richard Neal called "terrorism at its finest hour" – systematic brutality against Kuwaiti civilians as part of a scorched earth policy.

"Iraqi troops are treating people well, they are not bothering them," said Mr Ghazi Hijazi, a Jordanian businessman. He said he left Kuwait on Friday evening, the day before Brig Neal made his allegations at a Riyadh news briefing.

A Saudi military spokesman said yesterday that Iraqi troops were committing rape and murder in Kuwait, including axing civilians to death.

Kuwait's government-in-exile claimed that Iraqi occupation forces rounded up men, women and children on the streets of Kuwait last Friday and transported them by road to Iraq.

The refugees said civilians trapped in Kuwait were haunted by fear of death. Many were desperate to leave for fear that returning Kuwaitis would exact revenge on pro-Iraqi Palestinians and Jordanians living in the emirate.

"It is very, very dangerous out there," said Mr Shukri Kamel, a Jordanian driver who worked in Kuwait. "There are thousands of families trapped with no way out. Palestinians there fear revenge by Kuwaitis when they return to Kuwait."

He said people lacked petrol and money to escape. "They are desperate to leave. They should be evacuated. Someone should send them buses and trucks to take them out," Mr Kamel said.

Mr Hijazi said: "I knew the assault was coming because they burned all oilfields in Kuwait, especially in ar-Rawdatein area, not very far from Basra."

He refused to say who set the fields ablaze but several other refugees said Iraqi soldiers started the fires to hamper allied air operations against Kuwait. Iraq has denied the charges and blamed it on allied air raids.

"The ground war is going to be ferocious," said Mr Kamel. The battle for the emirate would rage "from house to house and street to street with civilians trapped in the middle.

"People there are haunted by death," he added, recalling how his relatives and friends sobbed hysterically the day he left Kuwait. "They told us, 'Pray for us because you might not see us again'."

Other refugees, including 50-year-old Mr Salha Hassan, said allied bombing on the Baghdad-Amman highway in the ar-Ruthbah area on Friday set fire to three Jordanian trucks killing their drivers.

Mr Adnan Mahmoud, a Palestinian who worked for a printing house in Kuwait, said: "The talk of the town in Kuwait is that it will be devastated and demolished, that no one will survive the war. It is packed with soldiers and weapons. There are Iraqi soldiers, anti-aircraft guns and tanks between houses."


Saudi Arabian armoured personnel carriers sweep over the desert into Kuwait after breaking through Iraqi defences

## Poos thinks Iraqi leader should go

**THE Middle East will be safer without President Saddam Hussein, Mr Jacques Poos, foreign minister of Luxembourg which holds the European Community's rotating presidency, said yesterday, AP reports from Luxembourg.**

**"The future will be better off without him. But that is up to the Iraqi people. Iraq will play a key role in the post-war situation without Saddam Hussein. I cannot see what positive role it can play with the old regime in place," Mr Poos added.**

**But the only aim of the ground offensive in the Gulf war had to be "the liberation of Kuwait".**

**Mr Poos and Dutch and Italian counterparts were to meet separately yesterday the foreign ministers of Jordan and Israel, as part of an EC drive to help shape a post-war scenario for the Middle East.**

**The meetings were cancelled after the ground war began on Sunday, as were meetings later this week with officials from North African nations. "We want to wait for the end of the war and the liberation of Kuwait," Mr Poos said.**

**As president of the 12-nation Community, Luxembourg, and Mr Poos in particular, has the task of carving out a European role in securing a stable Middle East after the Gulf War.**

**On February 19, the EC foreign ministers said they were ready to contribute to this, but stressed the nations of the Middle East should take the lead. "We don't want to play it alone or without consulting anybody else," Mr Poos said. "The main initiative...should come from the region itself."**

**He rejected criticism that the EC had failed to act decisively to prevent the war. The EC stood united in seeking a trade boycott against Iraq, seeking an unconditional withdrawal of Iraq from Kuwait, and in giving Ecu500m (£350m) in aid to Jordan, Turkey and Egypt. These nations have suffered badly from the crisis. The EC has also pledged Ecu250m aid to Israel.**

## Removal of Saddam moves up the Bush agenda

By Lionel Barber in Washington

NOW that the offensive is underway, the Bush administration has begun to remove some of the ambiguity surrounding its war aims, specifically its desire to topple President Saddam Hussein from power.

Officially, the removal of Mr Saddam is not a US objective; but the unfolding battleplan suggests strongly that the administration intends to secure this outcome through indirect means.

The clues are emerging both in Washington and on the battlefield, notably in the massive allied flanking manoeuvre to the west of Kuwait. The aim is to to cut off Iraq's Republican Guard forces which rank as the backbone of Mr Saddam's Ba'athist regime in Baghdad.

Pentagon officials make no secret that the allied objective in the next few days is not just to liberate Kuwait but to engage and destroy the Guard, even to the point of pursuing retreating troops from Kuwait into their home territory. "There won't be any sanctuary," said Mr Dick Cheney, US defence secretary. Although details remain sketchy because of the allied news black-out, French, British and US forces have stormed over the Saudi/Iraqi border in an effort to seal off the Guard from communications and supply lines south from the Iraqi interior. Escape routes to the north are also being shut off.

Before the war, the Guard numbered 150,000 troops; the question for General Norman Schwarzkopf, allied commander-in-chief, remains the extent to which B-52 bombing raids have so devastated the Guard that their reputation outweighs their will to fight.

The destruction of the Guard complements the other unspoken US goal: the elimination of President Saddam's nuclear, chemical and biological production facilities. The opening air campaign crippled these so-called weapons of mass destruction, according to US officials.

Thus, a rough US plan for dealing with Mr Saddam appears to be taking shape. While nothing should be ruled out in a war, there seems to be no reason to believe that it requires GIs to be patrolling the streets of Baghdad, or other politically risky ventures.

Mr Brent Scowcroft, President Bush's national security adviser, said on Sunday that the result of the coalition campaign "will be an Iraq with seriously diminished military capability, but still some defensive capability – we hope no offensive capability," he said

Congresswoman Pat Schroeder, a dovish Democrat, put it more succinctly: "You're getting rid of his power by taking his military away from him. Once you take away his toys and his military he is a nothing." US officials concede that it is entirely possible that Mr Saddam will not get the message, even if his occupation force in Kuwait surrenders en masse and his Republican Guard is cut to pieces.

Their hope, however, is that the Iraqi army generals, not wishing to witness further humiliation, may see things differently.

There is, moreover, one final card for the US and its allies to play – a card which could gain strength if the allies succeed in cutting off the Guard.

The United Nations resolutions – which include claims for Iraqi reparations, an economic and military embargo and provisions for war crimes trials – could be dropped or modified according to whether Mr Saddam and his Ba'athist allies remain in power.

Mr James Baker, US secretary of state, has suggested that the US is prepared to take part in efforts to rebuild Iraq as part of a post-war reconstruction plan; but again the offer is implicitly conditional on Mr Saddam stepping aside.

## Hurd denies allied war aims extended

By Robert Mauthner, Diplomatic Correspondent

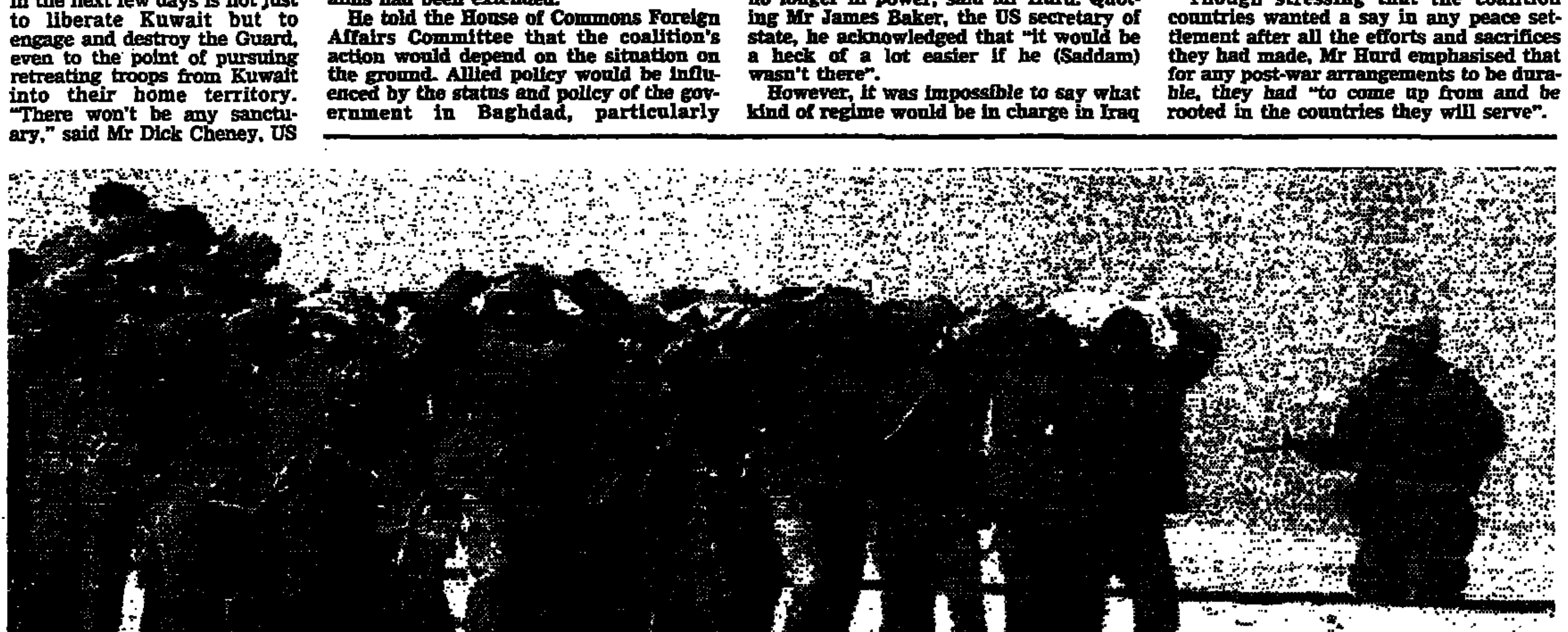
**BRITAIN'S foreign secretary, Mr Douglas Hurd, yesterday left open what military action the US-led coalition would take after Iraqi troops had been pushed out of Kuwait, but again denied that allied war aims had been extended.**

**He told the House of Commons Foreign Affairs Committee that the coalition's action would depend on the situation on the ground. Allied policy would be influenced by the status and policy of the government in Baghdad, particularly whether the Iraqi regime still adopted a menacing posture.**

**Any post-war discussions between the allies and Iraq were more likely to be fruitful if President Saddam Hussein was no longer in power, said Mr Hurd. Quoting Mr James Baker, the US secretary of state, he acknowledged that "it would be a heck of a lot easier if he (Saddam) wasn't there".**

**However, it was impossible to say what kind of regime would be in charge in Iraq once its forces had been thrown out of Kuwait. "There will be somebody there in charge, but they may not be in complete charge and we don't know who that somebody will be."**

**Though stressing that the coalition countries wanted a say in any peace settlement after all the efforts and sacrifices they had made, Mr Hurd emphasised that for any post-war arrangements to be durable, they had "to come up from and be rooted in the countries they will serve".**


End of the war for captured Iraqi soldiers marching through the Kuwaiti desert yesterday under the eye of a member of the US Second Marine Division

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

# Capital boost dilutes Iraqi holding in GIB

By Stephen Fidler, Euromarkets Correspondent

GULF International Bank, the Bahrain-based bank owned by the seven Arab Gulf states including Iraq, is to receive a $450m capital injection to offset expected losses on its loans to Iraq and other countries in the Middle East.

The capital injection will come from the Gulf Investment Corporation (GIC), owned by the six states of the Gulf Co-operation Council – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates – but not Iraq.

The capital injection means that Iraq's 14.3 per cent shareholding in GIB will be significantly diluted, but not eradicated. Over $1bn of capital has been paid in to GIB since its foundation.

The development comes a few days ahead of an announcement of GIB's 1990 results, which are expected to show a $426m loss for the year. The losses have been caused mainly by a sharp increase in provisions on the bank's loans to Iraq, Jordan, Yemen and to companies in Kuwait.

The move is designed to cut the bank's net exposure to Iraq – after previous provisions and net of Iraqi deposits which can be offset against loans – to zero.

GIB has suffered badly since the Iraqi invasion of Kuwait. Immediately after the invasion, some other banks cut their lines of credit to GIB, forcing it to sell significant amounts of assets to stay liquid. It has since embarked on severe economies, closing some foreign offices and reducing staff at its headquarters.

However, bank officials stress that GIB will not be swallowed by GIC and the two organisations will continue to trade separately.

Speculation in Bahrain had suggested that the expected capital injection would be used to squeeze Iraq out as a bank shareholder. Officials say this was not the intention of the move, and all existing shareholders will remain.

However, there are some questions yet to be resolved. GIC may apparently be taking some of its shareholding in non-voting capital.

There are also technical issues to address.

For example, the shareholder from the UAE in GIB is the Abu Dhabi Investment Authority, while that in GIC is the federation.

# Soviet Union launches new round of diplomacy in UN

By Michael Littlejohns, UN Correspondent, in New York and Our Foreign Staff

THE Soviet Union initiated a new round of private consultations in the United Nations Security Council last night, as Mr Javier Pérez de Cuéllar, the secretary-general, emphasised that hostilities and diplomacy "could live together".

Moscow's motives were unclear as most members had already agreed that the start of the Gulf ground war pre-empted diplomacy, at least for the time being. But President Mikhail Gorbachev again appealed to President George Bush to call off the ground offensive.

Mr Gennady Yanayev, the Soviet vice-president, said the two leaders had spoken on the telephone. He feared that unless the ground war was halted quickly there would be a growing danger of other countries being sucked into the conflict.

Mr Yanayev added it was vital to continue working for a political solution to the crisis, however slim the chances of success might appear.

Meanwhile, Pravda, the main Soviet Communist party newspaper, returned to the attack and accused Washington of seeking world hegemony and planning the destruction of Iraq.

"The war is waged first of all to satisfy the ambitions of the US to achieve sole leadership of the world", it declared. "And it is waged to improve the health of the economies of the west through the transfusion from the rich Gulf countries of many millions [of dollars] for military action."

Western diplomats speculated that the most recent Soviet move may have been largely for domestic consumption, to give the impression that President Gorbachev was still actively seeking a peaceful settlement, after the failure of his efforts last week.

Another theory in the UN was that Moscow was deeply concerned about the fate of Iraq's President Saddam Hussein and was seeking ways to spare its former client while looking also to a Soviet post-war role in the region.

A western European member said he did not believe there was anything sinister behind last night's Soviet initiative, as it was widely felt that the Soviets genuinely wanted to be helpful. But if Mr Yuliy Vorontsov, the Soviet ambassador to the UN, had new information from the Iraqis that he wanted to give the Security Council, it should come directly from them and not from the envoy.

"What the council needs is a positive response by Iraq that it will comply with all 12 resolutions," the western delegate said.

Most members said they did not expect at this stage that the Soviet initiative would lead to a formal meeting of the Security Council, which adjourned on Saturday without scheduling any date for debate to resume.

Mr Pérez de Cuéllar said it was important to retain the hope that something could still be done to save lives, although he did not have any objection to allied troops moving into parts of Iraq to cut off supply lines into Kuwait.

In remarks to reporters yesterday, he said coalition forces would be exceeding their UN mandate if they tried to topple President Saddam and his regime. "We are an organisation which is very careful to respect the internal affairs of member countries," he said.

Mr Pérez de Cuéllar stressed he had never heard anyone admit that it was a goal of the allies to remove the Iraqi leadership.

Asked about reports that coalition troops were far inside Iraq, the secretary-general said his military knowledge was limited but it appeared to him that this was indispensable to the objective "exclusively to liberate Kuwait".

## Opposition delays Kuwait talks

KUWAITI opposition figures have postponed a conference that was due to have discussed alternatives to the restoration of the al-Sabah ruling family once Kuwait is liberated by the allies, Jimmy Burns writes.

The conference due to have taken place this week in London is now not expected to take place at least until early March although its organisers are under considerable pressure from other Kuwaiti exile groups to postpone it indefinitely for the sake of national unity.

### Inter-bank debts to be settled

Kuwaiti banks will begin settling their inter-bank obligations on March 18 following the decision by western countries to unfreeze their assets, Sheikh Salem Abdul Aziz al-Sabah, the Kuwait central bank governor, said yesterday, David Lascelles reports.

The settlement was originally due to begin this month but had to be put back because of procedural delays. The settlement, which concerns about $4bn-$5bn of non-Kuwaiti dinar obligations, is being guaranteed by the Kuwait central bank.

### Syria and Britain exchange envoys

Syria and Britain exchanged ambassadors yesterday to heal a four-year rift, Reuter reports from Damascus. Officials said Mr Andrew Green, Britain's new envoy to Damascus, had talks on the war with Mr Farouk al-Shara, the Syrian foreign minister, after presenting his diplomatic credentials.

Diplomats said Britain had endorsed Mr Mohammed Khader, head of the foreign ministry's West European department in Damascus, as Syria's ambassador to London.

### Jordan and Iran repair relations

Jordan's first envoy to Iran for 10 years will leave for Tehran today to reopen his country's embassy, the official news agency Petra said yesterday, Reuter reports from Amman. Jordan and Iran broke off ties in 1981 because of Amman's staunch support for Baghdad in the 1980-88 Iran-Iraq war.

### Tear gas fired at Egyptian students

Egyptian police fired barrages of tear gas yesterday at hundreds of Egyptian students protesting against the Gulf war and chanting "death to America". Witnesses said the clash, the second in as many days, erupted when students poured off the campus and began throwing stones at riot police deployed around the area.

### Algiers rally

About 1,000 students and professors staged a sit-in in front of the Algerian parliament yesterday to support Iraq and demand Algeria cut ties with US-led allies fighting it, Reuter reports from Algiers. Mr Ahmed Ben Bella, the former president, joined the students who blocked traffic on the main port-side boulevard.

Palestinian refugees in the town of Dehaishe, in the occupied West Bank, relax on sacks of flour from Belgium which were distributed yesterday by the United Nations after the easing of harsh curfew restrictions by the Israelis

# Israel eases restrictions on Palestinians

By Hugh Carnegy in Jerusalem

THE Israeli army yesterday eased harsher restrictions imposed in the occupied territories at the onset of the allied ground offensive in Kuwait, allowing most Palestinians some relief from the severe economic hardship they have faced during the Gulf war.

Blanket curfews were kept in place for several weeks after the start of the war, drawing protests that the restriction was being used to punish Palestinians for supporting Iraq, not simply to prevent disturbances, as the army insisted.

The renewed clampdown on Sunday was eased yesterday morning after the army reported few incidents of unrest. In most areas residents were able to go to local places of work. But the vast majority of the 110,000 Palestinians who normally work in Israel remained barred from leaving the territories and a night curfew remained in force.

The government also disclosed yesterday that it had formally requested extra military aid from the US worth $1bn (£500m) to offset defence costs incurred as a result of the crisis. Israeli demands for compensation from Washington, which already supplies Israel with annual military and economic aid of more than $3bn, have recently caused some friction between the two.

Initial figures put forward by Israel of $13bn – $10bn to help absorb a tide of Soviet Jewish immigrants and the rest to cover defence and economic costs caused by the war – were privately rebuffed by Washington.

The White House later issued a sharp public rebuke over complaints by Mr Zalman Shoval, the Israeli ambassador in Washington, that Israel was being unfairly treated on aid issues. Israel feels it deserves rewards for bowing to US pressure not to enter the war despite repeated Iraqi missile attacks, which continued early yesterday with two strikes by Scud-B rockets in the south of the country. There were no injuries.

The figure of $1bn contained in the latest formal request is limited to defence costs. Israel wants it to be drawn from emergency US provisions for war spending.

The Bush administration, which has already provided Patriot missile batteries to counter the Scuds, has yet to indicate a willingness to pay up, but Israel is hoping congressional pressure will help produce the extra aid.

# UK yet to suffer army casualties

By Ralph Atkins

MR TOM KING, defence secretary, told MPs yesterday that British forces had suffered no casualties in the land offensive so far but warned that enemy troops of "a greater capability" were only just being encountered.

Outlining in general terms the progress so far, Mr King said British forces were involved in the push into Iraq against enemy forces supporting the occupation of Kuwait. The 1st Armoured Division was "fully involved in this thrust".

He told a sombre but anxious Commons that two British soldiers had been killed immediately before the ground offensive but, "on my latest information there have been no British casualties in the main advance".

However, Mr King warned that Iraqi forces on the front line were the least capable and of the lowest morale – suggesting British forces had at the time he spoke, yet to meet any of the Republican Guard.

"It [the campaign] has begun well but we are now moving into a critical phase where we are encountering forces of a greater capability," Mr King cautioned.

Earlier a meeting of the British war cabinet had heard latest details on the land battle from Sir David Craig, chief of defence staff. Mr John Major also spoke to Chancellor Helmut Kohl of Germany to brief him on developments and discuss relations with the Soviet Union after the collapse of the Moscow peace bid.

In the Commons, Mr King said progress so far had been "rapid" with "relatively little" opposition. Extensive planning had allowed coalition forces "rapidly to penetrate the extensive obstacle belt that the Iraqis had constructed, both along the Saudi/Kuwait border and along a substantial part of the Saudi/Iraq border."

MPs were almost unanimous in accepting that Mr King could not give details of action, through fear of giving Iraq useful information. He also enjoyed unqualified support from the main opposition parties in his support of British troops.

Mr Martin O'Neill, Labour's defence spokesman, expressed "relief" at the low level of casualties and won cheers from all sides by saying it was right not to have trusted Iraq's motives in the Moscow peace talks while President Saddam Hussein was ordering his troops to savage Kuwait.

Mr O'Neill asked, however, for an assurance that the incursion into Iraq was to stop enemy forces retreating – not an extension of the war aims.

Labour and Conservative MPs concentrated less on campaign details, more on tributes to the bravery of the coalition forces.

Mr Michael Mates, Tory chairman of the Commons' defence select committee, said the "logistical nightmare" of supporting the advance had justified the "length and severity" of the preceding air campaign.

Mr Menzies Campbell, Liberal Democrat defence spokesman, offered congratulations to British officers organising the campaign. He said the military onslaught appeared to be heading towards a successful outcome.

# Non-Gulf Opec nations meet as prices slip

By Deborah Hargreaves in Vienna

SIX MINISTERS from the Organisation of Petroleum Exporting Countries (Opec) met yesterday in Vienna for informal discussions on the outlook for the oil market.

Ministers from Libya, Algeria, Indonesia, Venezuela, Nigeria and Gabon arrived in Vienna as oil prices lost another 40 cents after initial allied successes in the ground attack to free Kuwait.

The price for Brent North Sea crude for April delivery eased yesterday following optimistics reports from the war after losing more than $2 a barrel last week as the market faced the prospect of peace in the Gulf.

Mr Ginanjar Kartasasmita, Indonesia's oil minister, said he was concerned about oil prices and the war. His view reflects the worry among Opec's smaller producers that there will be a sharp decline in price once the war in the Gulf is over.

Opec producers have more than made up for the loss of Iraqi and Kuwaiti oil production, and output by the remaining 11 members is currently running at some 23.5m barrels a day. However, ministers have seen demand expectations repeatedly revised downwards and the call on Opec oil is estimated to be lower than 21m b/d in the second quarter of this year.

Ministers meeting in Vienna were discussing how production can be reined back after the war since, even if Opec were to reinstate its pre-war production ceiling of 22.5m b/d, it would probably not be enough to support prices. But, between them, the smaller producers account for less than 40 per cent of Opec output and can do little alone.

Venezuela, the largest producer at yesterday's talks, has increased its market share within the organisation by 3 points to 11 per cent since the start of the Gulf crisis. Mr Celestino Armas, Venezuela's oil minister, has suggested that the country may be looking to maintain output above its quota level.

But Saudi Arabia is the key producer within Opec and could be in no hurry to move back to its pre-war production levels – Saudi Arabia has increased output by more than 3m b/d to 8.5m b/d since the crisis began. The Gulf producers were opposed to the talks in Vienna, preferring to wait until the war is over before discussing oil production.

# Congress opposition to US reconstruction role

By Peter Riddell, US Editor, in Washington

THE US taxpayer should not be asked to finance the reconstruction of Kuwait and other countries affected by the Gulf war, Mr Tom Foley, Democratic Speaker of the House, warned yesterday.

These comments, coming from such a mainstream and influential Democrat, highlight the limits likely to be imposed by Congress on the future US role in the region.

There is a widespread view in Congress that the rebuilding of Kuwait and the Gulf should not be borne by the US, though the Bush administration has been active in trying to secure reconstruction contracts for American companies.

Mr Foley said: "The American taxpayer should not be asked to bear any financial burden for the reconstruction of this region, either Kuwait or other countries, especially Iraq. The oil in the region is a great source of wealth, and we should not have to bear the additional burdens of peace and restoration of the area that we've borne during the war."

While there is overwhelming support for President Bush's handling of the war, there is concern in Congress that the US should not become sucked into a continuing large-scale commitment of ground forces, as happened after the Second World and Korean wars.

The US should not be involved on anything like the scale it has today in either reorganisation and economic development of the region or in maintaining the peace, Mr Foley argued.

He said the US military presence should not be large after the war, compared to the 530,000 plus troops deployed now. Any ground force should, he suggested, be less than 20,000. "Over the horizon forces, naval and air forces, could back up peacekeeping forces from the region and from neutral countries."

## Doubts surface in region over PLO leader's role in post-war events

# Arafat asserts allied use of napalm justifies Iraqi retaliation in kind

By Tony Walker in Riyadh

MR Yassir Arafat, chairman of the Palestine Liberation Organisation, said yesterday the use of napalm by allied forces in the Gulf war justified retaliation in kind by Iraq, which has threatened to use chemical weapons.

"It is clear American troops and the alliance have used napalm... which is internationally forbidden," he told Spain's state-run Radio Nacional in Tunis. "This way they are giving Iraqi forces the motives and the right to use the same arms in retaliation."

A US Marine Corps spokesman said last week that napalm, a highly inflammable petroleum jelly used for bombs and flame-throwers, was being used to destroy oil-filled trenches dug by Iraqis to stop allied troops.

In another interview, with Australian Broadcasting, the PLO leader said that whatever happened in the Gulf crisis there could never be a Middle East peace unless Palestinian demands for self-determination were met.

But a persistent question in regional capitals as the Gulf war reaches a climax and attention turns to events after the conflict is whether Mr Arafat will have a role in attempts to resolve the Arab-Israel dispute.

Mr Arafat, who has led the PLO since 1969 and has been a force in Palestinian politics since the 1950s, is perhaps facing his biggest crisis. His support for Iraq's President Saddam Hussein has put him at odds with traditional supporters in the Gulf and in Egypt and has further diminished his standing in the west.

The collapse of Gulf states' support is a serious blow for the PLO as Saudi Arabia and Kuwait were its main financial backers. They have now suspended payments except for small allocations for humanitarian causes, and these are not being channelled through PLO headquarters.

In the Australian Broadcasting interview, conducted at his Tunis headquarters, Mr Arafat refused to admit his support for the Iraqi leader was a mistake, insisting he was responding to the wishes of his people. Palestinians see in Mr Saddam a potential saviour, the one Arab leader who might be prepared to stand up to Israel.

But the PLO leader must have been embarrassed when the Palestine issue was dropped from the agenda in concerted Soviet attempts late last week to stave off the looming ground war.

Mr Arafat said the issue for the world now was to bring about a ceasefire, followed by discussions on regional security arrangements. "This is the start," he said, "the start is a ceasefire, to stop this war and to achieve peace for all of us."

Otherwise, he added "the Palestinians lose, the Israelis will lose, the Americans will lose... [and] the Arab nations will lose."

The Israelis would lose, he added, because the Gulf crisis had shown that security was "not a military issue, not a power issue".

"Peace is a political agreement and not power, not arrogance of power," he declared. "Not missiles, not air forces, not tanks – peace is a peaceful agreement."

Mr Arafat was critical of the US, which he said had let him down on a number of occasions. But when asked whether he was giving up his attempts to secure a homeland for his people, he replied: "I can't give up. I am a freedom fighter."

He replied evasively at first to a question about whether he stood by his 1988 Geneva declaration, renouncing terrorism and recognising Israel's right to exist, but then said: "I am completely committed to it."

Asked at the end of the interview whether negative judgments about his behaviour had finished him in the eyes of the west, the PLO leader replied his leadership was "the will and the determination of the Palestinian people and this is my guidance – I am following it. And it is only for the Palestinian people to decide who will represent them".

# Iranians are uneasy bystanders to their neighbours' suffering

By Michael Field in Tehran

"IT'S ONLY now we have room to breathe – to trade with you and get your technology," commented an adviser to one of the Iranian ministers.

He was referring to the easing of western restrictions on trade with Iran since 1988 and his country's own opening to the outside world. But he added quickly: "I am afraid that these events in the Persian Gulf will lead to a political accident in the region and I fear that the flower I have been trying to grow will be crushed."

The adviser is one of the new breed of senior Iranian officials – reasonably religious but pragmatic and friendly. His fear is that if western forces stay in the Gulf after the defeat of President Saddam Hussein hardline elements in his country will claim that Britain and America are trying to re-assert their colonial dominance in the area. The hardliners might demand that Iran cease seeking foreign investment, stop taking foreign loans and once again return the Islamic republic to a poor and embittered self-sufficiency.

Like other members of the Iranian government, of all political shades, this official was suspicious that America, and particularly Britain, might genuinely be seeking a new presence in the Gulf to manipulate its governments and control its resources.

To western minds, such an idea may seem out of date. Yet Iranians are still very conscious their country was a political pawn for more than a century, until the middle of the Shah's reign or even until the revolution of 1979. Old ways of thinking die hard.

In the early months of the Gulf crisis the Iranian government was afraid the multinational coalition would fall apart and that Mr Saddam, who invaded its country in 1980, would be left holding Kuwait. Now Tehran is quietly relishing seeing him and his army destroyed, even though its pleasure is being dampened by fears of western designs and an emotional reaction against its old enemy, America, bombing fellow Moslems.

The government's main policy objective is to get itself involved in whatever security arrangements are put together in the Gulf after the war – partly so it can insist on the westerners being excluded and partly because it believes that Iran, with its population of 55m, should be the leading Gulf power.

The Iranians find it difficult to see themselves as others see them and they do not understand how much they have aroused the hostility of Saudi Arabia and the Gulf states during the last 10 years. The government has been strictly neutral in the Gulf war precisely to earn a place for itself in the post-war diplomatic game in the Gulf.

Given the continuing potential for radicals to cause trouble at home, there are limits to how open President Ali Akbar Hashemi Rafsanjani can be in making friendly gestures to the west and the Gulf states. But, quietly, he and his supporters are trying to develop new relations, commercially and politically.

The government's caution is reflected in the line it has taken internally on the war. It has said nothing about Mr Saddam but has been supportive of the Iraqi people, giving great play in sermons and radio and television programmes to the civilian casualties caused by allied bombing. Like the mass of the Arab people, the Iranians have been shocked by the scale of the bombing and, ironically, their sympathy is increased by their own memories of the 200-odd missile attacks that Iraq launched on Tehran in early 1988.

Also, like many Arabs, Iranians do not see the military relevance of the allies bombing Iraqi bridges, refineries and telecommunications buildings. They believe that the allies are "trying to destroy Iraq" because they will "not allow it to be powerful".

Few Iranians (or Arabs) know much about the Second World War, and the idea of a country bombing its enemy's industries and communications to cripple its forces is alien to them.

Before the ground battle started, Iranians often asked why the allies did not "come out, attack the Iraqis and fight like men". They were also surprised by the very public way in which the Americans went about collecting finance for the campaign.

Now that the allies are fighting on the ground and seem likely to demolish the Iraqi forces swiftly, some of the more thoughtful Iranians suggest that the public mood may change a little as people see the benefits and realise the purpose of the allied strategy.

INTERNATIONAL NEWS

# Thai junta 'will appoint interim cabinet in week'

By Peter Ungphakorn in Bangkok

THE military junta that seized power in Thailand on Saturday promised yesterday to appoint an interim government within a week and ordered the assets of allegedly corrupt politicians frozen.

No names were mentioned but the military were clearly emphasising an early return to normality. They said the asset-freeze was necessary because the public's biggest complaint about the overthrown government concerned corruption.

The announcements were made as business continued almost as normal on the first working day since the coup, with troops withdrawn from many positions they had taken up at the weekend.

But the stock market was battered by a 7.3 per cent (57.4-point) slump in its share index, which closed at 734.24. Some 15 students were arrested as they tried to stage a protest with 300 colleagues against the coup.

Military leaders were tight-lipped about candidates for the new cabinet. They said it would run the country until a new constitution is drafted and elections are held, a process they said should take six months. Gen Sunthorn Kongsompong, leader of the ruling National Peace-keeping Command, said portfolios would go to experts where the generals did not have the appropriate know-how.

Gen Suchinda Kraprayoon, army commander-in-chief, rejected suggestions he would be prime minister. The junta has appointed six advisory committees whose membership includes several prominent technocrats and businessmen. It said Gen Chatichai Choonhavan, the prime minister it overthrew, would soon be freed, with other ministers.

Yesterday, the junta summoned senior civil servants and bankers to affirm Thailand's free-enterprise policy. Gen Suchinda urged bankers to help keep public confidence in the economy.

A Thai policeman grabs a student in an anti-government protest

# Final act opens on Nigeria's plan to restructure $35bn debt

THE final act opens in London today in the Nigerian military government's grand design to restructure the country's estimated $35bn (£17.6bn) external debt before next October's return to civilian rule, writes Tony Hawkins, recently in Lagos.

Nigerian officials, led by Mr Abubakar Alhaji, finance minister, and representatives of the London Club of commercial bank creditors, will be negotiating a rescheduling and buy-back agreement covering $5.8bn of bank debt.

Over the past three months, three of the remaining four pieces of the debt jigsaw puzzle have been put in place. In January, the IMF approved an SDR 319m standby credit for Nigeria, paving the way for the second stage of the exercise – the rescheduling of some of the country's $17.5bn debt owed to the Paris Club of official creditors.

The third stage was a rescheduling agreement with the Soviet Union covering the $850m in repayments and interest owed by Nigeria in respect of the Ajaokuta steel complex.

This left the commercial banks. Discussions got off a poor start in March last year, when the former Nigerian finance minister, Chief Olu Falae, told the banks Nigeria would replace existing borrowings and arrears with the issue of 30-year bonds, with a 10-year grace period, paying interest of only 3 per cent a year, against a 9.5 per cent average previously.

This was rejected by the banks who put up their own package, including a debt buy-back proposal. In November, with a new finance minister, Mr Abubakar Alhaji, Lagos offered to buy back at least 60 per cent of the outstanding commercial bank debt at market-related prices, leaving the balance to be covered by collateralised 30-year bonds paying interest of 6.25 per cent a year.

This was also rejected by the banks on the ground that the package was "not voluntary", which meant it did not guarantee equal treatment to all creditors. But differences were narrowed, and both sides are now optimistic about a deal.

Meanwhile, the immediate outlook for the Nigerian economy has deteriorated with the collapse of the oil price.

Pre-Gulf war balance of payments forecasts for 1991, assuming an oil price averaging $21 a barrel, and exports of 1.55m barrels a day, pointed to oil exports of $12bn, supplemented by non-oil exports of some $400m.

The foreign exchange budget for the year assumes imports of $5.5bn, debt-service payments of almost $3bn, with $1.5bn being added to reserves. That would leave some $2.5bn for "contingencies" which could include buying back debt, along with other off-budget activities, such as military purchases.

Before Paris Club debt was rescheduled, Nigeria's 1991 debt-service payments on its external borrowings of $35bn were estimated at $7.4 bn, or 60 per cent of forecast merchandise exports.

However, the foreign exchange budget allocates only $3bn for debt service, implying that the $3.2bn reduction in Paris Club payments will be supplemented by substantial London Club savings of about $800m.

A $1 fall in the price costs Nigeria $565m, when calculated over a year. So a 1991 average price of $17 would cut exports to $10bn, seriously inhibiting the proposed buy-back programme.

Lagos thus may be left with a finely-balanced cost-benefit calculation as to whether Nigeria will be better off with a reduced debt burden than with higher levels of current imports, projected at $6.8bn – under 40 per cent of the 1981 level.

Economic management has been further complicated recently by renewed downward pressure on the naira, which has fallen from Naira 7 to the dollar to 9.5 over the past three months.

Most observers agree that it is in the interests of both sides at the London meeting to reach agreement.

The banks need to accept that unless the oil price rebounds strongly, Nigeria's 1991 debt service ratio will still be uncomfortably high at 30 per cent, and that Lagos has virtually no room for manoeuvre.

For their part, the Nigerians need a deal to regain access to commercial credits, including bank lending for the important Oso Condensate project.

Above all, Gen Ibrahim Babangida, Nigeria's military leader, wants to get the debt-service ratio below 25 per cent before next autumn when the civilians, with their track record as big spenders, regain control of the country's finances.

# New package of tied-aid credit curbs 'should be agreed by summer'

LEADING industrial countries should be able to agree a new package of rules limiting tied-aid credits by this summer's annual meeting of the Organisation for Economic Co-operation and Development (OECD), Mr John Macomber, head of the US Eximbank, said yesterday. Peter Montagnon, World Trade Editor, reports.

The talks have been marked by deep differences between the US on the one hand and the EC and Japan on the other over whether they should lead to new curbs on US commodity credits.

Speaking by satellite from Washington, Mr Macomber said there were "the beginnings of some hope" that the differences, which have threatened to reduce the scope of any final agreement, could be resolved.

The talks had been through a discouraging time, but the problems were not as tough as those which had had to be resolved when the OECD first agreed its matrix system for curbing interest rate subsidies on export credits.

He believed participants were starting to accept there was no reason for linking between farm credits and credits for manufactured goods such as telecommunications and transportation equipment, for which the US wants aid subsidies curbed.

Tied-aid credits affected some $11.5bn (£5.8bn)-worth of trade a year, a volume far larger than that covered by many individual trade disputes. "We must make substantive changes and not tinker about the fringes."

Trade officials in Europe warned against assuming a breakthrough was near. Europe and Japan had always insisted US farm credits should be included if a sectoral approach was adopted. Mr Macomber's statement suggested the US still wanted specific rules on certain manufactured goods, such as telecommunications and transportation equipment, they said.

Mr Macomber reaffirmed yesterday such products were not appropriate for tied aid credits. Also, some countries could afford to do without the subsidy inherent in such credits.

Tied aid credits had created an "enormous" distortion, he added. "The situation is almost out of control." Indonesia, Thailand and the Philippines, as well as some North African countries had got into the habit of basing their purchasing decisions on the availability of tied aid.

Another worry was the growing aid budgets of developing countries such as Taiwan and South Korea. Danger existed they would develop soft-loan programmes, not so much to protect their own industries as to buy world market share for their exports.

# Black voters split over Chicago poll

By Barbara Durr in Chicago

A FEW years ago, they called it Beirut on the lake; a city paralysed, at war with itself. But today Chicago is working together.

So begins a television campaign advertisement for Mayor Richard Daley, who faces a Democratic primary vote in his bid for re-election.

The mayor, son of the legendary Chicago politician Richard Daley who was mayor for more than two decades, is widely tipped to win the primary. And in this Democratic party stronghold, that is expected to clinch his victory in an April 2 general poll.

At the heart of the Daley campaign is the claim that he has brought the city peace and some prosperity after years of racial strife. The city, famed for financial and political corruption, is indeed experiencing the least acrimonious mayoral campaign in memory.

Yet while the mayor can justly boast an unusual calm in the city among other accomplishments, the lack of an effective black challenger seems his best guarantee of victory.

Blacks outnumber whites in the city and could present the most formidable voting block. But Chicago's black politics have been in a muddle since the sudden death in 1987 of Mr Harold Washington, the city's first black mayor.

Mr Daley came to office in a special by-election in 1989 to complete Mr Washington's second term.

Mr Washington, a charismatic politician who eventually won significant white support, was first elected in 1983 in the midst of tremendous racial tension.

His five-year reign was wracked by political battles which hobbled his efforts to deliver significant improvements on many of the black community's most urgent needs in housing, health care and education. But his memory still symbolises black political empowerment for the city's African-American community.

There was no designated heir to pick up his mantle and Mr Danny Davis, the black community's consensus candidate in tomorrow's primary contest, has stepped into the void. But, while articulate and experienced, Mr Davis, a former Chicago city council member and a county commissioner, is unable to garner the solid support of blacks.

He was chosen by a gathering of the city's top black leadership just a few months before the mayoral contest began, leaving him little time to build a campaign organisation or raise funds. He has raised less than $100,000, while Mr Daley has amassed a war chest of some $3.5m.

In the latest poll of public opinion, Mr Davis was preferred by just 21 per cent of those likely to vote, while Mr Daley was picked by 53 per cent.

Yet more disheartening for Mr Davis were the poll results on black voters' preferences. Just 38 per cent of blacks said they preferred Mr Davis to Mr Daley, while another 38 per cent said there was no difference between the two.

Black political leaders hope that Mr Davis can at least make a decent showing. But they are worried that they will lose political ground, perhaps spoiling chances for the 1995 contest.

The new all-black Harold Washington Party says that it intends to run a candidate in the general election if Mr Davis loses in the primary. But its chances for the April poll look slender against an effective and well-heeled Daley organisation.

Battle fatigue and despair seem to have set into the black community, where unemployment runs as high as 65 per cent among young men.

Mr Jim Hutchinson, vice-chairman of the Harold Washington Party, said: "Harold's death was more than just the death of a political leader. It was the death of hope."

Mr Daley has been able so far to stop short of any action that could regenerate conflicts. But to keep the calm he enjoys now, the mayor will have to employ all his skills.

Tomorrow, Chicago's nearly 1.5m voters will also cast ballots for 50 city council members (aldermen). There are 270 candidates, of whom 18 are black.

# China warns on foreign debt

CHINA'S foreign debt was growing rapidly and stricter controls on borrowing were needed, Yin Jieyan, new head of the country's Foreign Exchange Control Administration said, Reuter reports from Peking.

The China Daily quoted Yin as saying foreign debt had grown rapidly in the second half of 1990, especially in the last quarter. Last year, many western governments and international organisations resumed loan programmes frozen after the Tiananmen disturbances in June 1989.

Diplomats said it was hard to estimate the size of China's foreign debt. It could be as high as $50bn, (£25.2bn), up from about $45bn in June last year and $41.2bn at the end of 1989. Debt was about $40bn at the end of 1988.

Yin said foreign debt repayment accounted for less than 10 per cent of China's total foreign exchange earnings last year. Hard-currency earnings in 1990 rose 10.7 per cent to $45bn, with foreign exchange spending up 2.6 per cent to $39.5bn. "Stricter curbs should be put on approval of foreign commercial loans and the granting of loans to non-manufacturing projects or projects unable to repay the money".

Day of abolition: Soviet bloc ministers gathered in Budapest yesterday to sign into oblivion the military structure of the Warsaw Pact. The left-hand picture shows Czechoslovakian defence and foreign ministers Lubos Dobrovsky (left) and Jiri Dienstbier while, alongside them, their Soviet counterparts Dmitri Yazov (left) and Alexander Bessmertnykh put their signatures to the document.

# Comecon row marks end to Pact

By Nicholas Denton in Budapest

THE formal dissolution yesterday of the military wing of the Warsaw Pact was overshadowed by the postponement of this week's scheduled summit which should also have brought to an end Comecon, the Soviet-led trading bloc.

The Soviet Union and the five other eastern European members of the Warsaw Pact yesterday ended their military alliance, bringing to a formal close its 36 years in armed juxtaposition with Nato.

The end of the pact is also a recognition of the severance of military links with the Soviet Union after the eastern European revolutions of 1989 and elections of 1990.

"It is a formality, but a very important formality, because it is another step in restoring completely the sovereignty of this country and other countries," said Mr Geza Jeszenszky, the Hungarian foreign minister and host of the meeting.

But the Comecon postponement – due to internal disagreements – clouded the atmosphere. Czechoslovakia yesterday invited Comecon ministers to meet in Prague next weekend. Arguments between the Soviet Union and its former allies erupted over what kind of organisaton should succeed Comecon, and over Soviet troop withdrawals from Poland. Hungary, Poland and Czechoslovia have reservations about the proposed successor.

Trade and economy ministers from the three countries met last week to discuss their worries. "I am against the creation of any new organisation," said Mr Krzysztof Skubiszewski, Polish foreign minister, in a statement which marks a hardening in Polish policy. It is understood also that Hungary is only prepared to accept a body which acts as "receiver" for a bankrupt Comecon.

The Warsaw Pact action leaves only its political and consultative elements intact. The talks paved the way for the complete abolition of the pact by the end of 1991 or spring of 1992.

David Buchan in Brussels adds: EC finance ministers yesterday agreed to widen project lending by the European Investment Bank to Czechoslovakia, Bulgaria and Romania, and to lend up to $1.15bn to improve eastern Europe's balance of payments. EC ministers agreed to provide up to half of forthcoming loans by the Group of 24 western aid donors worth $1bn for Czechoslovakia, $500m for Hungary. Similar aid is likely for Romania.

Bucharest is still some way off agreeing policy terms with the Internaional Monetary Fund, a precondition for all such EC and G-24 aid.

The shape of future security arrangements in the region also became clearer yesterday when Hungarian foreign ministry officials said that a bilateral security agreement with the Soviet Union was due to be signed in March.

# West puts off technology sales relaxation

THE western allies have postponed for six to eight weeks an attempt to make the final step in a widespread relaxation of export controls on technology sales to the Soviet Union and eastern Europe, writes William Dawkins in Paris.

Senior foreign trade officials were to meet in Paris tomorrow and Thursday. But they decided yesterday to put off the session because of technical problems, an unresolved debate over how to control exports to dangerous developing countries such as Iraq, plus unease among some members over the crackdown in the Soviet Union's Baltic states.

Instead, working-level officials will meet this week to try to clear up the points hindering agreement on reform of CoCom, the 17-government Co-ordinating Committee for Multilateral Export Controls, a secretive body originally designed to ban exports of militarily useful technology to the Soviet Union, plus some present and former Communist regimes.

Officials need more time to negotiate agreement over a "couple of items" on a draft list of eight product categories designed to supersede the complex web of individual goods that now have to be vetted for export by CoCom. This so-called core list includes sensoring systems, advanced materials and machine tools, advanced telecommunications, navigation and avionics, and some computers and propulsion systems.

The delay is also the clearest sign yet of a fresh caution among CoCom members – Nato minus Iceland, but plus Japan and Australia – since last June's euphoric agreement to scrap 38 of the 116 categories regulated by the group. That was supposed to be a first step to displacing the lot in favour of the core list to have been agreed this week.

Since that agreement, the Gulf war has intensified CoCom members' existing realisation of the need to establish tougher multilateral controls on exports to the Third World. Some fear that easing curbs on technology sales to the east bloc will only make it easier for threatening Third World countries to buy militarily useful goods from the region.

The main options under discussion are to adapt CoCom's existing rules to vet technology sales to developing countries, which some European members feel is impractical, or to create a new and more open export control body based on CoCom.

The group could also seek a link with the Missile Technology Control Regime (MTCR), formed in 1987 to curb missile sales to developing countries, However, that poses political problems because the MTCR's members include the Soviet Union and China, both subject to CoCom controls. Some US officials are also said to be anxious that the present liberalisation plan would make it too easy for terrorists to buy sophisticated secure computers which would be immune from intelligence services' scrutiny.

# Albanian unrest may delay elections

By Judy Dempsey and Laura Silber

ELECTIONS due to be held in Albania next month may be postponed following days of unrest throughout the country, a leading opposition member said yesterday.

Mr Genc Polo, the spokesman for the Democratic Party which was founded last December, said hardliners in the ruling Albanian (communist) Party of Labour provoked unrest to crack down on students and the fledgling opposition parties.

Last week, thousands of students pulled down a bronze statue of Enver Hoxha, the dictator who ruled the country for more than 40 years until his death in 1985.

In response President Ramiz Alia, head of the APL, suspended the government and introduced presidential rule. That presidential council consists of party hardliners who, backed by the officer corps in the army, appear to be regaining the political initiative.

However, the tensions within the APL are being exacerbated by the divisions between the country's two ethnic groups. These include the Gegs (Moslems and Catholics who live in the mountainous north), and the Tosks, (Moslem and eastern Orthodox who live in the south).

Blood ties have played a large part in consolidating the identity of these two groups. Hoxha, a Tosk, attempted to weaken these differences through Marxist ideology and a complex system of inter-marriage. Mr Alia's niece is married to Mr Hoxha's eldest son. The APL is largely dominated by Tosks.

The marriage was also designed to protect the Hoxha legacy. But Mr Alia, under pressure from the students and workers, has attempted to weaken that legacy through allowing students to pull down Hoxha statues.

Mr Adil Carcani, who was sacked last week as prime minister, yesterday appealed specifically to party cells in the south of the country which have threatened to boycott the elections.

Greek military patrols along the Albanian border were increased yesterday after 200 Albanians crossed into Greece.

# Prices take priority over politics in the hero city

## Boris Yeltsin's support is increasingly uncertain in the Russian heartland, reports Leyla Boulton

A YEAR ago a scandal over the distribution of scarce flats to the children of the party elite had the Communist party leadership in the "hero city" of Volgograd on the ropes. But today this industrial city in the heartland of Russia, better known in the west by its wartime name of Stalingrad, is increasingly disillusioned with politics and tired of squabbling among the country's leaders. It is obsessed instead by imminent price rises and continuing shortages in the shops.

Volgograd is at the heart of the Russia which Mr Boris Yeltsin is struggling to rally against President Mikhail Gorbachev and centralised Communist rule.

But no one knows whether Mr Yeltsin can still count on the popular support he needs to stay in Soviet political life and to implement his promises of republican sovereignty and radical economic reform.

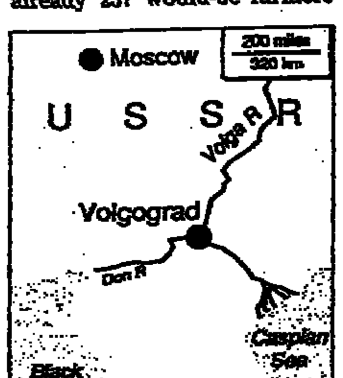
Although he remains the single most popular politician in the Russian Federation, the picture which emerges from this typical Russian city is mixed. The Russian leader's televised call for Mr Gorbachev to resign on the grounds he was leading the country towards "dictatorship" has led to sharply increased attacks on Mr Yeltsin by Communist party officials and the state-controlled media.

Mr Alexander Anipkin, first secretary of the Volgograd regional party committee, is one of the deputies who has signed an appeal for a special congress of the Russian parliament which will attempt to remove Mr Yeltsin as chairman on March 28.

Mr Yeltsin's supporters, however, are hoping that the Russian leader will secure a direct mandate from the people on March 17, when a referendum on the future of the union will also ask Russian voters whether they want a directly-elected president of the Russian Federation. A "yes" vote for an executive presidency would clear the way for a direct poll which Mr Yeltsin could well win, providing Mr Gorbachev with a challenge that would be difficult to crush without violence.

While the battle lines are clearly drawn between radicals and hardliners, the people Mr Yeltsin needs to worry about are those in the middle, still hoping for practical reform and a negotiated agreement with the centre.

The regional council, for example, is working on implementing land reform giving peasants the right to buy land in a bid to boost food production. Mr Ivan Shabunin, chairman of the council's executive committee, says there are already 257 would-be farmers




who want to set themselves up as independent producers. They can either use the land in perpetuity for free or buy it with the right to sell only after 10 years.

Ms Lyudmilla Tatokhina, head of the local agricultural bank, is offering loans to help would-be farmers. "As an inhabitant of the Volgograd region, I want my children to eat well and dress well. I want my region and those forces which will give milk and meat to flourish," she says.

She exemplifies apolitical Soviet managers who are hungry for knowledge of western capitalism. Last year her bank was turned into a semi-independent commercial bank but Ms Tatokhina wants to meet western bankers. "We are stewing in our own juices here," she said. "I have 1,001 questions to ask them. They have worked in their system for a long time and have lots of experience. Why should we reinvent the wheel? Look at how Peter the Great conducted economic reforms. He brought in specialists from abroad."

But state-owned industrial giants, claiming increasing problems with supplies of raw materials and parts, are demanding action by the central government to bring order to the economy. Their managers, by and large, favour the reinforcement of old-style, central planning "administrative command" methods coupled with limited moves to a market economy. While sharing Mr Yeltsin's hostility to imminent price rises, many workers at the ailing factories also believe Communist warnings that radical market reforms would spell mass unemployment.

Mr Nodari Ordzhonikidze, director of the Red October steelworks which employs 15,000 people, says he trusts the central government to come up with measures to force enterprises to provide him with the scrap metal he needs to keep his plant going. He wants an end to the conflict between the centre and the Russian parliament, which is trying to impose its legislation on all enterprises in the Russian Federation, including all-union giants run by central ministries.

Komsomolskaya Pravda newspaper reported two weeks ago that the mighty Dzerzhinsky Tractor Works, with 35,000 workers, had ground to a halt because of a lack of steel sheets.

Managers at the plant, which was built in 1930, denied the report, saying output had not fallen even though they were forced to rush in supplies by road to make up for a temporary shortfall from the neighbouring Novolipetsk metallurgical plant.

It appears that the supplies director told the Komsomolskaya Pravda correspondent, who recorded the interview, that the plant had stopped in order to help attract the relevant ministry's attention to his problems.

But few people, including his opponents, are prepared to write off Mr Yeltsin in advance. "I think Boris Nikolayevich has enough political experience and can take steps to strengthen his authority," Mr Anipkin said in an interview before the TV broadcast. "He is capable tactician."

"Call in a month, and if I'm still here, it will mean that everything's all right," says Mr Shusterman.

# EUROPE IN BRIEF

## Volvo to lay off all workers for nine days

Volvo, the Swedish vehicle group, announced that it would be laying off all car workers in its Swedish production plants for nine days in the spring as a result of falling sales and growing stocks, writes Robert Taylor in Stockholm.

The lay-offs will ensure a cut in production of around 7,000 cars, the company said. Volvo also said that its Belgian car plant in Ghent would cut car production in April and May.

Late last month Volvo announced it was cutting back its Swedish labour force by 1,550 jobs as part of an extensive restructuring programme.

## Finnish exports to USSR drop

Finnish exports to the Soviet Union dropped by 34 per cent in January, while imports from the Soviet Union fell by 21 per cent compared to the same month last year, writes Enrique Tessieri in Helsinki.

The drop, shown in figures from the National Customs Board, followed the switch from semi-barter to trade based on hard currency at the beginning of January.

Exports to the Soviet Union last month amounted to FM586m ($167m), or 7.6 per cent of all Finnish exports. Soviet imports reached FM678m.

These Finnish-Soviet trade figures are a far cry from the early-1980s, when exports amounted to around 25 per cent of all Finnish exports.

## German sale raises DM3bn

The Treuhandanstalt (Treuhand) privatisation agency has raised DM3.1bn ($2bn) from selling state-owned companies from former communist East Germany, Treuhand board member Mr Wolfram Krause said, Reuter reports from Berlin.

Treuhand officials have said the agency has sold nearly 700 firms out of 8,000 state-owned companies, with 95 per cent going to west German investors.

## Riots continue in Reunion

Police lobbed tear gas at stone-throwing youths who pillaged and burned stores and set fire to cars in a second day of riots yesterday in the French Indian Ocean department of Reunion, agencies report.

Paris authorities announced they were sending two squadrons, 150 men, from mainland France to bolster gendarmes unable to contain what observers said was the worst unrest in 20 years.

The riots, which started on Saturday over the forced closure of a pirate television station, Tele Free Dom, continued overnight Sunday.

Reporters said most of the rioters appeared to be young creoles frustrated by the lack of opportunities on the small island, which is heavily reliant on state handouts from France.

## EC prices show slight rise

Consumer prices across the 12-nation European Community rose a provisional 0.5 per cent in January, a fivefold increase over December's 0.1 per cent but unchanged from a year ago, Reuter reports from Luxembourg.

The EC statistics office Eurostat said the rise brought inflation in the year to January to 5.6 per cent, compared with 5.7 per cent during 1990 and 5.2 per cent in the 12 months to January, 1990.

Eurostat said Spain, where prices rose 1.2 per cent was the biggest contributor to the EC-wide inflation figures in January. Also above the 0.5 per cent average were Portugal with 1 per cent, Belgium (0.8 per cent), Italy (0.7 per cent) and former West Germany (0.6 per cent).

## Cocaine seized in Spain

Spanish police and customs officers seized two tonnes of cocaine from a Colombian ship in waters near the Canary Islands, the biggest haul of the drug ever found in Spain, police said, Reuter reports from the Canary Islands.

The cocaine was bound for the rugged region of Galicia in north-west Spain, which has become one of the main routes into Europe for Colombian drug smugglers in recent years. Police in Galicia arrested three people. The crew of the unnamed Colombian ship was also held.

Last year Spanish police seized more than five tonnes of cocaine, nearly three times the amount seized in 1989. This was largely the result of an operation aimed at smashing Galician drug gangs linked to Colombian cocaine barons.

## Tourism drop hits Spain

The number of tourists visiting Spain fell 11 per cent in January compared to the same month a year earlier, with 2.4m visitors recorded, the Tourism Secretariat said, AP-DJ reports from Madrid.

Among nationalities, the number of US tourists took one of the steepest dives, tumbling 40.3 per cent to 32,226 visitors.

Countries with a more significant number of visitors to Spain also experienced falloffs, with UK tourists down 6.3 per cent to 256,328 visiting Spain in January.

However, the number of German tourists rose in January over year earlier figures, up 8.4 per cent to 301,714.

Tourism revenues make up one-tenth of Spain's GDP and bring in close to 40 per cent of the country's foreign currency earnings.

# Greece granted EC loan for payments

By David Buchan in Brussels

THE European Community yesterday granted Greece an Ecu2.2bn ($3.1bn) balance of payments loan, on tough conditions designed to prepare Greece to join the next phase of European monetary union.

Greece, which largely flouted conditions attached to a 1985 loan by the EC, is to aim to trim its current account deficit to 3 per cent of GDP – and inflation to 7 per cent, compared to 20 per cent now – by the end of 1993.

This would allow the Greek drachma to enter the exchange rate mechanism, in time to join other EC states on the start of a second-stage move to economic and monetary union.

To try to hit these two key targets, Athens has agreed to rein in public spending and employment dramatically over the next two years.

In particular, central government borrowing will be cut from 17 per cent of GDP to 1.5 per cent in 1993, a tenth of public sector jobs will disappear by end-1993, public sector wages will rise only 8 per cent this year, and the tax base will be broadened (by taxing farmers, for instance) and revenue collection improved.

Many of Greece's EC partners also made an explicit political link between the loan and a softening in Athens' attitude to EC aid to Turkey.

The Dutch, British, German, French and Belgian finance ministers warned their Greek colleague, Mr Efthymios Christodolou, that they expected Greece would soon unblock Ecu600m worth of EC aid for Turkey, held up by Athens for years in protest at Turkish troops occupying northern Cyprus.

Foreign ministers are likely next week to discuss the Turkish aid, which forms a key part of the EC's economic package for the Middle East after the Gulf war.

The Luxembourg presidency has proposed that Cyprus figure on the agenda of post-war peace talks and is contacting all sides in the Cypriot dispute.

# French economy in final quarter fall

By William Dawkins in Paris

THE French economy slipped into reverse in the final three months of last year. The news was seen by economists as proof that France is entering a mild recession.

Market gross domestic product (GDP) declined by 0.4 per cent in the last three months of 1990 – the first quarterly fall of this order since early 1987 – according to the latest report from Insee, the state statistics institute.

This brings full-year growth to 2.8 per cent for 1990 – slightly down on the 4.1 per cent increase in market GDP recorded in the previous year.

Unlike the total GDP figures, due out next month, market GDP does not include public administrations' activities.

Insee has already forecast that the deceleration will continue into this year.

Several independent economists forecast that the current quarter would show another GDP decline. If their forecast is accurate it would be the first time French GDP has fallen in two consecutive quarters since the previous recession in 1980-81.

Industrial investment fell by 2.7 per cent in the final quarter of 1990, having grown by 1.3 per cent in the third quarter, giving a full-year growth of 4.6 per cent, as against 6.7 per cent in 1989.

This partly reflected a decline in stockbuilding, one of the few bright spots in the Insee report.

Exports continued to grow in the final quarter (up 2.5 per cent) but the full-year increase was only 4.6 per cent – a sharp slowdown on the 10.5 per cent in 1989. Internal demand fell by 1.2 per cent in the final three months, after a 1.7 per cent rise in the third quarter.

The French government is still expecting 2 per cent GDP growth overall this year, although some independent economists believe this is optimistic and that GDP expansion will be closer to 1 per cent.



Day of reckoning: Ousted Bulgarian president Todor Zhivkov became the first former east bloc leader to go on public trial [illegible] appeared before the supreme court in Sofia yesterday, flanked by his lawyers, on charges of embezzlement. He is accused of [illegible] diverted public funds to buy luxury apartments, western cars and other privileges for family and friends. Crowds of hecklers [illegible] "killer" as the 79-year-old leader, looking alert, grinned and waved on his arrival.

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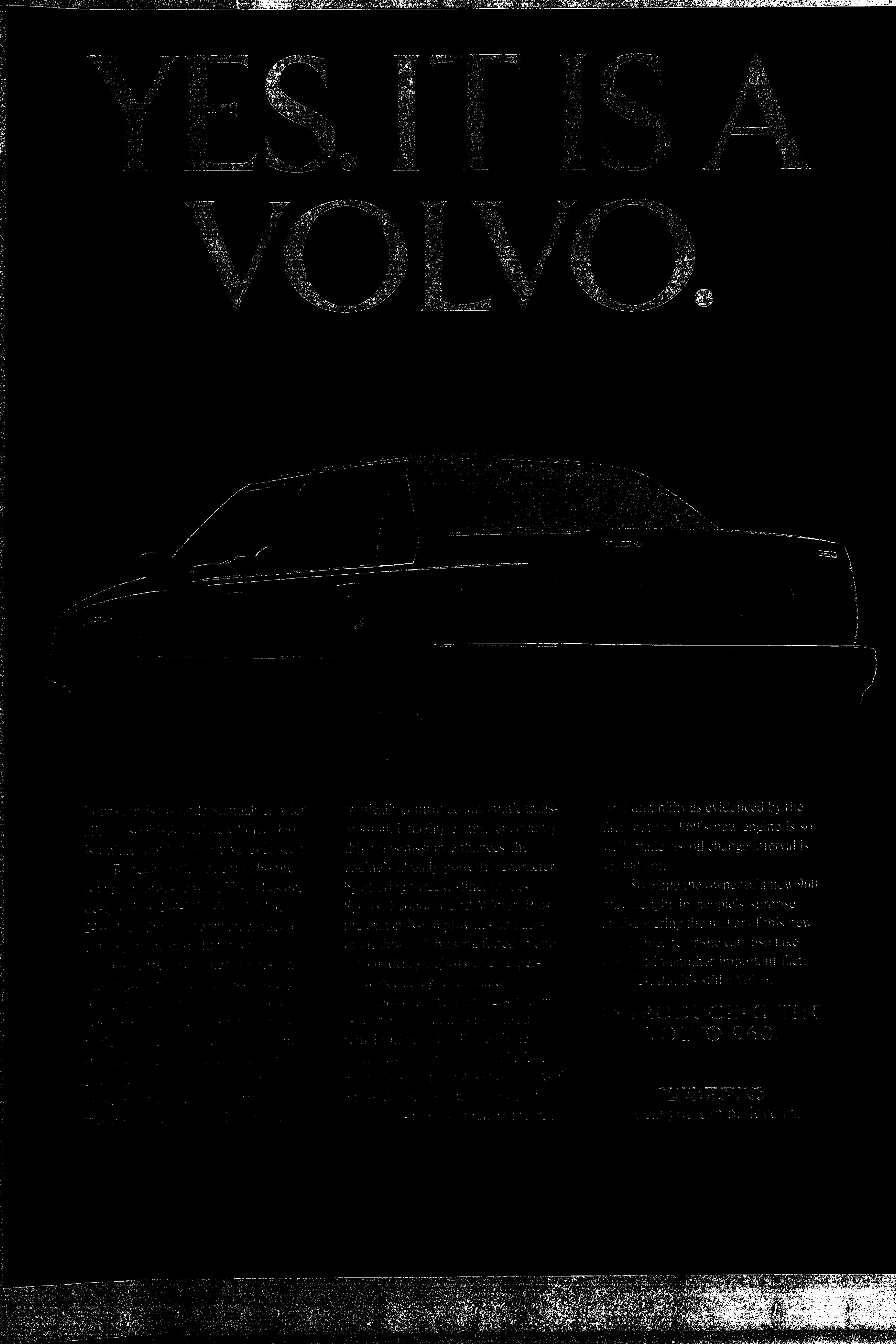
YES. IT IS A
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mission. Utilizing computer circuitry,
this transmission enhances the
And durability as evidenced by the
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INTRODUCING THE
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## UK NEWS

The so-called Birmingham Six, pictured following questioning by police in 1974 when they were allegedly beaten. They are (top) Patrick Hill, Hugh Callaghan and John Walker, and (bottom) Richard McIlkenny, Gerard Hunter and Billy Power

# Britain expected to release wrongly-convicted 'bombers'

By Robert Rice and Kieran Cooke

THE SIX men jailed for life for the 1974 Birmingham pub bombings in which 21 people were killed and more than 160 injured are expected to be released from prison next week.

News that their 16-year ordeal may soon be over followed an announcement yesterday by British prosecuting authorities that they do not intend to contest the men's appeal.

The prosecution's barrister told a preliminary hearing of the English Court of Appeal that Sir Allan Green QC, the Director of Public Prosecutions (DPP), no longer intended to rely on the evidence of any of the investigating police officers in the case.

Sir Allan had already announced that he would not be relying on the scientific evidence.

This is the third time in two years that British authorities have admitted mistakenly jailing people accused of Irish Republican Army (IRA) terrorist acts on mainland Britain.

In October 1989 the Court of Appeal released the four people convicted of the 1974 pub bombings in Woolwich, south London, and Guildford, Surrey, after the DPP announced that police evidence in the case had been tampered and he would not contest their appeal.

In April 1990 the convictions of three Irish people sentenced to 25 years in jail for conspiracy to murder Mr Tom King, the former Northern Ireland secretary and current defence secretary, were quashed by the Appeal Court.

The Birmingham Six case has been a point of friction between London and Dublin in recent years. Mr Desmond O'Malley, the Irish Minister for industry and leader of the small Progressive Democrats party, said yesterday that now the case was near to being resolved, relations between the two countries should improve.

The Irish government issued a statement yesterday saying that it was heartened that "at long last the ordeal of the men, which they have endured for over 16 years, is about to be brought to an end."

Mr Charles Haughey, the Irish Prime Minister, said that it was deplorable that "a system of justice could perpetuate this terrible inequity over such a long period." However, Mr Haughey said that it must be acknowledged that the same system of justice "did in the end find within itself the means for correcting that injustice."

Their release will be delayed until the Court of Appeal has officially ruled that their convictions are unsafe and unsatisfactory.

Lord Justice Lloyd sitting with Lords Justice Farquharson and Mustill, said yesterday that it was for the Court of Appeal alone to decide whether the men should go free.

"It may be said that the result of the appeals is a foregone conclusion and that, since the Crown has shown its hand, we should allow the appeals here and now. We do not share that view," he said.

The judge said the Court had a duty to look at the fresh evidence and decide in the light of it whether the convictions were "unsafe and unsatisfactory."

The full appeal will be heard on March 4.

The six were convicted on the basis of alleged confessions, the explosives evidence and what Lord Lane, the Lord Chief Justice described during the men's full appeal hearing in 1987 as a "wealth" of circumstantial evidence.

# Widespread changes likely to prison service

By Alan Pike and Alison Smith

WIDESPREAD changes to Britain's much-criticised prison system are likely to follow publication yesterday of a report into serious riots last year.

The report makes a series of recommendations for improving prison conditions, guaranteeing prisoners minimum standards and changing the way the prison service is managed.

Mr Kenneth Baker, Home Secretary, yesterday announced that one of the report's recommendations – that all cells should be provided with internal sanitation by February, 1996, ending the notorious process of "slopping-out" – would be implemented by the end of 1994.

Other recommendations in the report, by Lord Justice Woolf, will form the basis of a white paper which is likely to be published later this year. Mr Baker sees this a blueprint for developing the prison service into the next century.

Lord Justice Woolf's inquiry was set up after riots at six prisons last April, the most serious at Strangeways, Manchester, north-west England, where the overcrowded jail was occupied by inmates for more than three weeks.

The report goes far beyond investigating the causes of the riots with proposals for ending prison overcrowding and introducing contracts setting out individual prisoners' rights and responsibilities.

It was welcomed by MPs of all parties and prison reform organisations as the most significant step forward in penal policy in recent times.

The report's recommendations offered "the greatest step forward in penal policy this century," said the National Association for the Care and Resettlement of Offenders. Mr Stephen Shaw, director of the Prison Reform Trust, said the report had "rightly rejected any idea that the answer to prison disturbances lay in riot-control hardware like CS gas." It offered an opportunity to establish a modern and humane prison system.

Mr Baker also announced increases in family visits to prisoners and opportunities for home leave for those in open prisons, as well as spreading the availability of cardphones and ending routine censorship of letters in most prisons.

Other recommendations include:

- the establishment of a national forum and local committees to bring the different parts of the criminal justice system closer together;
- "more visible leadership" of the prison service by its director general;
- increased delegation to prison governors;
- enhanced roles for prison officers;
- a national system of accredited standards;
- a new prison rule aimed at ending overcrowding and requiring parliament to be informed if a prison went above its certified accommodation level;
- division of prisons into smaller, more manageable units;
- separate conditions and lower security categorisation for remand prisoners;
- improved grievance and disciplinary procedures within prisons.

# Labour launches plan to revive industry

## Ivo Dawnay examines opposition proposals for a government-business partnership

BRITAIN'S opposition Labour party yesterday unveiled its plan for industrial regeneration with a detailed policy document carefully constructed to minimise charges by the ruling Tory party of spendthrift interventionism.

The much-leaked paper, entitled Modern Manufacturing Strength, lays heavy emphasis on a partnership between business and government modelled on schemes in place in Europe, the US and Japan.

Above all, the policy paper - certain to be a central pillar in Labour's election platform - sets out to offer industry a positive alternative to the non-interventionist Conservative policy, based on market forces.

Outlining the proposals yesterday, Mr Neil Kinnock, the Labour leader, delivered a sustained attack on the Tories' record. He said the government had used only financial deregulation and expanded credit to escape from recession, wasting £100m in oil revenues and neglecting industry.

"Industrial policy must be central to the strategy of government instead of being the reluctant afterthought that it has been in the last decade," he said.

The Labour plan includes tax breaks and enhanced capital allowances for investment in plant, innovation, design and research and development.

New legislation will curb opportunist takeovers and a hitherto unannounced investigation into ways to encourage large institutional investors to make long-term commitments to companies.

The document reaffirms the creation of a largely autonomous National Investment Bank, working on strictly commercial criteria, to channel public and private sector funds into smaller businesses and large infrastructure projects.

Many of the proposals undertake to act through powers devolved to new regional development agencies in conjunction with business, trade unions and local authorities.

Presenting the policy yesterday, Mr Gordon Brown, the opposition trade and industry spokesman, pledged a "new industrial revolution" recognising manufacturing as central to growth and a recovery in the UK's balance of payments.

He insisted that a year of consultations with all sectors or industry had produced an "enabling rather than dirigiste" strategy, eschewing Whitehall bureaucracy, but none the less promoting long-term planning in place of short-term gain.

Labour divides its industrial policy plan into five sections - investing in the future, training, innovation, regional policy, and backing growing firms.

Neil Kinnock: 'government wasted £100m in oil revenue'

Under the party's manufacturing investment programme, it promises in a first budget to introduce for a limited period:

- An Investment Expansion Scheme with additional corporate tax allowances for new technology and an enhanced first year capital allowance for some plant and machinery, innovation and design;
- Capital allowances for some product development;
- The Growing Business Scheme of fiscal incentives to encourage individuals to invest in growing manufacturing firms in place of the cancelled BES, expected to generate up to £1bn in five years;
- Tax incentives for large companies to invest in science parks with "genuine innovation" eligible for a 100 per cent write off;
- Legislation to force companies to disclose their bids earlier in takeover battles, requiring proof that a merger is in the public interest and establishing statutory rights for employees;
- Creation of British Technology Enterprise to nurture university-developed innovation;
- Establishment of a National Investment Bank.

Under training it proposes:

- Obligatory training of 16 to 19 year olds with companies required to spend at least 0.5 per cent of their pay roll on training or face a levy;
- Local training consortia for small firms and sectoral training for large companies in sophisticated sectors.

To promote innovation, it calls for:

- GDP devoted to research to be lifted from 1.77 per cent to the EC norm of 2.5 per cent with a tax incentive adding 25 percentage points to the 100 per cent now allowable on a base year;
- Funding for new ideas and an obligation on government departments to put 5 per cent of their R&D work with smaller firms;
- The creation of technology trusts to promote technology transfer to small firms and commercialisation of new ideas.

In addition, the paper proposes enhanced new Regional Development Agencies to target and plan strategic investment working in conjunction with banks and venture capital institutions.

For growing companies, it calls for small business centres to "consolidate and streamline" access to new and existing services.

As a key element in Labour's programme for government, the document can expect to attract a headlong assault from the Tories. Above all, Conservative trade and industry ministers will characterise the proposals as a return to costly interventionism and an investment strategy based on trying to "pick winners."

In a rapidly drawn-up reply, entitled Where's the Beef , Mr Brown, Conservative Central Office last night posed 10 questions for the opposition Trade and Industry minister.

The first asked how Labour would fund its policy, accusing the opposition of unnecessarily duplicating existing bodies.

Anticipating the criticism earlier, Mr John Smith, the opposition chancellor, said that closing the offshore tax trust loophole would alone generate £1bn - enough to fund the programme.

Many measures would also pay as tax credits paid off later in enhanced productivity. It was emphasised that several tax breaks had a limited life.

Labour will, nonetheless, face close questioning as to the possible increase in bureaucracy generated by its plans.

## UK NEWS

RAIL DISRUPTION

# Explosion and hoaxes cause transport havoc

By Jimmy Burns, Neil Buckley and Kieran Cooke

BRITAIN'S rail travellers were yesterday warned to expect further disruptions to services following a bomb explosion on a commuter line outside London and a campaign of hoax terrorist threats which again forced the closure of all the capital's mainline stations.

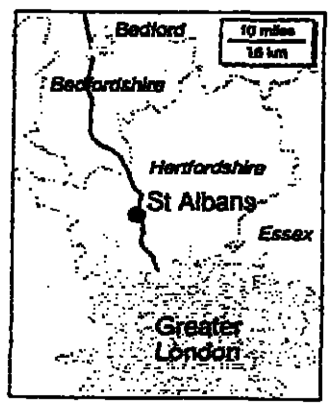
British Rail, the UK rail network, last night effectively admitted it could no longer guarantee a full service after the bomb, thought to have been planted by the Irish Republican Army, destroyed a section of track north of London and while bomb warnings forced the closure of stations elsewhere.

Yesterday's blast hurled a one-metre section of track more than 100 metres and through the roof of a garage of a nearby house less than a mile south of St Albans Station in Hertfordshire. A section of a 25,000 volt overhead power cable was brought down in the explosion.

There were no injuries to local inhabitants and the explosion was apparently timed to go off when no train was due on that stretch of line.

No-one claimed immediate responsibility for the explosion. But the attack, which follows last week's fatal IRA attack at Victoria station, appears to confirm a sinister change of tactics by the terrorist organisation. A campaign previously aimed at military and political targets has now been widened to cause maximum disruption, if not death, to the civilian population.

Hertfordshire police said that initial inquiries confirmed that a high explosive device had been used, and pointed to the IRA.




BR said it was advising passengers to tune into local radios before embarking today on their normal train routes. It added that it would be advising them to take alternative forms of transport where necessary.

"Our first priority is safety followed by keeping the service running," BR said.

Britain's Transport Police, underlining the seriousness with which it is treating all warnings of terrorist attacks, yesterday said its 1,200 staff in London were being stretched by the number of hoax calls and by the need to evacuate and search stations.

"This is causing maximum disruption. All we can do is plan for the immediate [situation] operationally. If this goes on, it will need a political decision," a transport police spokesman said.

The campaign being waged against British Rail is unprecedented in mainland Britain but follows a pattern familiar to inhabitants of Northern Ireland.

In recent years the main rail line linking Dublin with Belfast has often closed because of IRA bombs placed on or near the track.

Belfast railway station is also regularly evacuated by local security forces in response to bomb threats.

In 1989, there were 95 recorded incidents on the line, and the services were suspended for a total of 109 days.

While the number of incidents has declined in recent months, the IRA has not stopped its campaign. On January 15, a bomb blew the line at Lurgan in Northern Ireland, causing the closure of services for three days.

The IRA is conscious that such incidents create considerable publicity and give the impression that its volunteers are active in various locations.

In reality, according to security sources, no more than four people are involved in causing such mayhem in the transport service – whether through bombs or through the numerous hoax calls made to police.

Mr John Wyatt, a leading anti-terrorist expert, yesterday said that the current mainland campaign by the IRA would only be properly dealt with by increasing the number of British Transport Police and training them in search and detection of bombs.

Britain's National Union of Railwaymen described yesterday's blast as a "matter of great concern" to its more than 100,000 members.

"If the tactics of the IRA are now to leave bombs along railway lines, this signifies a major increase in the risk to railway workers and the travelling public," a spokesman said.

# Crash toll higher than expected

MORE people were injured in the crash at London's Cannon Street railway station than at first reported, a public inquiry into the crash was told yesterday.

Two passengers died and more than 500 people were injured when a commuter train smashed into buffers at the station and some would need further treatment, according to Mr Terry Worrall, British Rail director of operations.

The number of injured, 542, was much higher than any figure mentioned before and was announced by Mr Worrall when the inquiry opened in central London.

He said that 277 people needed hospital treatment and 33 were detained for at least one night.

All had since been discharged but some would need further treatment, the inquiry was told.

Mr Worrall outlined how the 7.58am commuter train from Sevenoaks, Kent, smashed into buffers at Cannon Street, causing the middle section to concertina.

The inquiry, expected to last at least five days, was opened by Mr Alan Cooksey, deputy chief inspecting officer of railways for the Health and Safety Executive.

The inquiry hopes to establish the cause of last month's accident and consider if there were any practicable measures to prevent a similar crash.

"I have been asked to consider in my investigation what part the age and construction of the rolling stock and the numbers of passengers on the train may have played in the accident and the number and severity of the injuries," Mr Cooksey said.

The inquiry continues today.

## BRITAIN IN BRIEF

### US landing rights talks to resume

The UK has agreed to resume negotiations with the US over a new bilateral air service agreement in Washington on Thursday.

This follows the decision by the US transport department to put forward new proposals to try to break the deadlock in the current talks.

The US is seeking UK government approval for Pan Am and TWA to transfer their landing rights into London's Heathrow airport to United Airlines and American Airlines. But the UK has insisted on securing significant new concessions for British airlines into the US domestic market before approving any new agreement.

### Brussels to back pensions ruling

European Commission is expected to support an interpretation of the European Court's ruling on pension benefit equalisation which would impose heavy cost and administrative burdens on companies.

Last May, the European Court in its judgment on *Barber v Guardian Royal Exchange* ruled that occupational pensions came within the equal pay provisions of Article 119 of the Treaty of Rome.

The Court stated that, to avoid upsetting retroactively the financial balance of schemes, the ruling would directly affect only pension entitlements arising after May 17, 1990, the date of the judgment.

### Marconi piracy suit dropped

Allegations of software piracy made against Marconi Instruments by the Business Software Alliance have been dropped. The two organisations are now working together to develop procedures to control the use of proprietary software in commercial companies.

The BSA, which represents the world's four largest micro-computer software companies, Ashton-Tate, Lotus Development, Microsoft and Wordperfect, all of the US, sued Marconi last December, alleging that the UK company, was guilty of unauthorised software copying.

### Tories emphasise inner city policy

The Conservative government has signalled that a commitment to the regeneration of Britain's inner cities will be given a prominent place in its manifesto for the next general election.

Mr Michael Heseltine, the environment secretary, announced plans for a tour of major cities over the next few months to assess the impact of government schemes already operating to combat inner city decay.

His tour comes amid reports in Whitehall that Mr Heseltine is seeking to pull together the government's efforts by concentrating responsibilities for the inner city in his department.


### IBC to double its vehicle output at Luton plant

IBC Vehicles, the UK light commercial vehicle producer, will create 400 jobs at its Luton assembly plant in southern England, after an investment of £96m aimed at more than doubling output by 1992. IBC, the 60/40 joint venture formed in 1987 by General Motors of the US and Isuzu, its Japanese affiliate, to take over GM's loss-making Bedford van operations, is to produce a range of four-wheel-drive leisure utility vehicles (pictured above). The vehicles will be sold in continental Europe as the Opel Frontera and in the UK as the Vauxhall Frontera.

### THF to launch a new image

Trusthouse Forte, Britain's biggest hotelier, is planning a £1m re-branding of its 260-strong UK hotel chain once the Gulf war is over.

The company plans to give less emphasis to the THF name and instead concentrate on giving a strong identity to its Crest and Post House chains, for its three and four-star hotels respectively.

### Shutdown hits UK oil output

Oil output from the UK sector of the North Sea fell in January to its lowest level since June 1989, the Royal Bank of Scotland said. The main reason was an 11-day shutdown of British Petroleum's Forties field for safety work.

January's output of 1.71m barrels a day was 2 per cent below that of December 1990.

### New poll tax plan mooted

Plans to remove further education colleges from local authority control are under consideration as part of the government's review of the controversial poll tax for local services. This would be an alternative to the more radical proposal of removing education spending from local authority budgets altogether.

The main stumbling block to such a move is that it would require primary legislation, so any reduction in poll tax could be three years away.

### Initiative on Sunday trading

The British Retailers Association, which represents 180 multiple chains and department stores, has launched an initiative to find a compromise to the Sunday trading controversy.

The association, which was deeply divided on the issue when it last canvassed members' views three years ago, has already taken soundings from many companies.

Mr James May, the director, said he was confident that some acceptable middle ground could be found.

**MANAGEMENT:** The Growing Business

Britain's chambers of commerce are undergoing a radical overhaul to improve both their services and image, **Charles Batchelor** reports

# Preparing to mount a two-pronged attack

Britain's chambers of commerce, regarded by many as cosy talking shops rather than as dynamic providers of support for business, are cranking themselves belatedly into the 1990s. By shedding their dusty 19th century image (in fact the first British chamber of commerce was formed in Jersey in 1768), Britain's chambers are attempting to attain the scale and influence of their continental European counterparts.

By British standards many continental chambers manage budgets and run business support programmes on a lavish scale. The budget of the Paris Chamber, for example, is bigger than that of the entire UK chamber network.

Prompted by the imminent prospect of the creation of a single European market from 1992, the Association of British Chambers of Commerce (ABCC), which groups most but not all of the larger chambers, is working feverishly on plans to reorganise the network and improve the quality of service offered.

No less important in the minds of some of those involved is a desire to establish the chambers as *the* delivery mechanism for government programmes before the recently created Training and Enterprise Councils (TECs) usurp this role.

The outcome of the chambers' efforts will have a crucial influence on the effectiveness of British business throughout the 1990s. For all their past failures, the chambers represent the single most effective network of business support in Britain if only they can exploit their full potential.

The ABCC is currently engaged in putting the finishing touches to the most radical overhaul the chamber movement has seen this century. Launched last October with the promise of £1.3m of government finance, the association's programme for Effective Business Support is due to be put to its 100-plus member chambers at a national conference on March 20.

"Speed was necessary to demonstrate the momentum of our plans," explains Ron Taylor, director general of the association. "There was an element of nailing our colours to the mast. We are close to defining a minimum level of services which the chambers should provide in the 1990s.")

The association's plans are ambitious. It envisages:

- Establishing a coherent national network of about 55 chambers each big enough to provide a broad range of services in areas such as advice, training and export promotion. As a minimum, chambers would be expected to employ 30-35 professional staff, generate annual turnover of £1m and cater for 2,000-3,000 members.

To establish a national network of chambers many smaller chambers would have to merge or close down, while in some areas – such as Cumbria – new chambers would have to be created.

- Raising standards. All of the first-tier chambers will be expected to conform to a specially devised version of British Standard 5750, a quality measure which has been widely adopted throughout industry.

"We decided to go for an external method of accreditation to show the solidity of our intentions," comments Taylor. "We need to challenge the perception of the outside world that the chambers are not professionally run."

- Creating a brand image. A persistent problem for the professionally managed chambers has been the large numbers of small chambers, most not affiliated to the association, which often function as social clubs rather than professional providers of business support. Many of the 500 or so smaller chambers of commerce, industry and trade are run by part-time staff.

As part of its quality drive the association hopes to create a logo which could only be used by approved chambers. It has no copyright over the title, however, and defending its brand image seems likely to remain problematical.

- Installing an electronic information network. This would contain details of members' businesses and provide a source of data and of business contacts. Much of the £1.3m which the government has pledged in support will go to establishing this network.

In the longer term, some senior chamber executives believe, the British chambers will have to acquire official status similar to that of the continental "public law status" chambers with which local businesses are obliged to register. This suggestion has already provoked a strong reaction from other business organisations which see this as a grab for power by the chambers and a move which will increase the burden of red tape on business.

"Mention of 'public law status' rings the wrong bells," comments Tony Platt, chief executive of the London Chamber. "But if we are seriously talking about matching the scale and quality of the continental chambers we won't get there by the ABCC programme alone."

**HOW CHAMBERS IN EUROPE COMPARE**

| Location | Members* | Income(£m)† | Employees‡ |
|---|---|---|---|
| Amsterdam | 48,000 | 6.8 | 170 |
| Paris | 245,000 | 150.0 | 3,200 |
| Madrid | 280,000 | 12.5 | 200 |
| Hamburg | 70,000 | 8.4 | 270 |
| Munich | 157,000 | 12.8 | 330 |
| London | 5,000 | 3.3 | 140 |

*Total "member" businesses registered or represented, † Approx total 1986 or 1987 (excluding sponsored educational activities under some of the chambers; ‡ Full-time, Source: London Chamber of Commerce

The creation of a single European market may have acted as the main stimulus for the chambers' action but little could have been achieved if the chambers, for all their weaknesses, had not reached a sufficient "critical mass" to be able to push through the changes needed, according to the ABCC's Ron Taylor.

"We could not have implemented this programme 10 years ago," he says. "But chambers are now on the political agenda and are seen as a critical part of the business infrastructure."

One factor in the chambers' increased prominence has been the slow but steady growth in the membership (of affiliated chambers) to 85,000 businesses. The chambers have also taken a leading role in delivering government training initiatives, such as the Youth Training Scheme, and in providing export advice to the business community.

But opportunities have been missed, largely because the strength of the chambers lay in their local branches and not with the association. This weakness at the centre meant that the wave of interest in small businesses which developed in the 1970s and 1980s largely passed the chambers by.

Despite the crucial role played by the chambers in setting up many of the early enterprise agencies they failed to make use of this marketing opportunity to establish themselves as a friend of small business. Ironically many chambers are playing a similar role in supporting the nascent TECs despite fears that the TECs might usurp some of the chambers' functions.

This weakness at the centre is nothing new. Looking back in 1885 over the first 25 years of the association, its first president, CM Norwood MP, complained it had been "snubbed by ministers and slightingly treated by the Press". As part of the present attempt to strengthen the chambers, Taylor, the first ABCC director general in living memory to have a chamber rather than a civil service background, has pushed through a radical restructuring.

Although Ron Taylor (left) believes the Association of British Chambers of Commerce must try to emulate its continental counterparts, but Laurie Conley (right) says few of his Waltham Forest members feel the need for a national network

Its 50-strong national council has been reduced in size and been given a strategic and supervisory role. A swathe of committees has been axed and a board of management has been created with power to take executive decisions. "We have achieved greater consistency and faster decision making," he says.

The changes which are under way are already producing results. Earlier this month seven chambers, including Milton Keynes, Stockport and Swindon announced they would be affiliating to the association. Two of the chambers, Southampton and Bristol, were rejoining the association after a long absence.

Tim Anderson, chief executive of the Bristol chamber, says he does not believe the chamber suffered after it left the association in the 1960s. However the ABCC's new development plan matched the Bristol chamber's own proposals for growth, from 2,800 members to 10,000 by the year 2000. The Bristol chamber also shared the ABCC's view that it was important to create a chamber network comparable with those in continental Europe, he says.

The association believes its plans have the backing of most of its members. However, it is the hundreds of smaller independent chambers which could prove hard to persuade and which could make it difficult to create a single quality image for the network. In greater London, for example, apart from the London and Westminster chambers, both sizeable organisations affiliated to the association, there are about 30 smaller chambers with a very different perspective.

Laurie Conley, unpaid part-time president of the Waltham Forest chamber in north London, says few of his 300 members have European ambitions or the need of a national network.

"We are run by people with other jobs who can't travel to meetings 100 miles away," he says. "In the present economic climate we could do better to concentrate on our own borough." Top priority for Conley and his staff are the 160 school-leavers currently on training courses run by the chamber.

The association has also failed to reach an agreement with the National Chamber of Trade, an organisation representing local chambers and trade organisations with a total of 150,000 members, mostly in the retail and service sectors. Two earlier attempts to agree a merger failed over disagreements about the relative voting strengths of the two organisations within the merged group.

Despite the obstacles which litter its path, the ABCC believes it can become an effective aid to business and the keystone in the government's business support programmes. "In the 1970s and 1980s a lot of institutions were set up at a local level," says Ron Taylor. "In the 1990s I see all these organisations wanting to come together."

# A fund of venture capital information

**Charles Batchelor** on two new directories

The growth of the venture capital industry has increased the sources of finance available to the entrepreneur but at the same time made the choice more difficult. Faced with the bewildering range of venture funds now active to whom should the businessperson turn?

Help is available in the form of two new directories. The much amended Fifth Edition of the Venture Capital Report Guide to Venture Capital in Europe provides the most comprehensive coverage of the industry. It describes the funds and their investment policies and gives brief sketches of their senior executives.

The guide extends its coverage into continental Europe for the first time and in so doing nearly doubles in size to 960 pages. Lucius Cary, its compiler, concedes, however, that his continental listings are far from complete.

Another innovation in the fifth edition is a listing of the companies which venture funds have dropped from their portfolios since the fourth edition was published two years ago.

Where venture capitalists have themselves given details of the reasons – sale, flotation or liquidation – Cary gives full details. Where funds have not given reasons he has simply listed the deletions.

In a further attempt to provide a broader context for his guide Cary also provides a list of funds which appeared in the fourth edition but which were no longer "live" for the fifth. This guide lists seven funds; three have ceased to invest; one has been absorbed into its larger parent group; and three failed to provide information.

Who's Who in Risk Capital concentrates on the personalities involved in venture capital by providing brief profiles and frequently photographs of venture executives. Coverage is somewhat patchy since, like all such guides attempting to establish themselves, this one failed to generate responses from all the people contacted.

The guide is in two volumes covering the UK and continental Europe and lists the main deals arranged by the individuals covered. This information is unlikely to mean much to most entrepreneurs though it may help their financial advisers choose a venture capital backer.

**Price £50 + £4 p&p. Pitman. From Venture Capital Report, Boston Road, Henley on Thames, Oxfordshire RG9 1DY. Tel 0491 579999.*

*†Price £110 or £195 for both. From Initiative Europe, 71 Bondway, London SW8 1SQ. Tel 071 735 9838.*

# In brief...

■ A joint marketing company has been launched in the East Midlands to enable small companies to share the costs of building up UK and overseas markets (see also this page February 12). The organisers hope to attract between 50 and 60 members paying around £500 each a year.

*Contact Ron Edmonds Associates, 35 Coverside Road, Great Glen, Leicester LE8 0EB. Tel 053759 2590.*

■ The sharp rise in the number of new business start-ups which occurred during the 1980s levelled off in 1990, according to National Westminster Bank.

An estimated 180,000 new businesses opened accounts with NatWest last year, the same number as in 1989 but 8 per cent more than in 1988.

If NatWest's claim to a 30 per cent share of the small business market is correct this means that about 550,000 new businesses were started in Britain in 1990. It expects a similar number this year with rising unemployment levels starting to become an important factor once again.

On a regional basis start-ups rose fastest – by 9 per cent – in Kent and Sussex but fell by 11 per cent in the south-west of England.

■ The Fourteenth National Small Firms Policy and Research Conference will be held on November 21-23 in Blackpool.

*Contact Kevin Caley, Lancashire Enterprises, 17 Ribblesdale Place, Preston, Lancashire PR1 3NA. Tel 0772 203020.*

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ARTS

# A skirl through Scottish history

## Glasgow continues its year of culture, says **William Packer**

Now that the dust has settled, it is clear that Glasgow's year as Cultural Capital of Europe, far from being an *unkind joke*, was in the event a considerable local and indeed national national triumph. That happy outcome in fact should surprise no-one, for Glasgow in recent years has been proportionally more active in support of the arts than any city in the two kingdoms. But a year long festival gathers its own momentum. No-one would reasonably argue to maintain it at such a pace, yet the pity would be to allow it to slow down altogether, and all the newly-generated energy and public interest be dissipated.

A year ago the newly and splendidly refurbished McLellan Galleries, at 270 Sauchiehall Street, was added to Glasgow's already *fine stock* of public spaces. With its inaugural exhibition, the third and controversial British Art Show, it brought in that Year of Culture, and it has ended it with by another exercise – no less ambitious and perhaps *more worthwhile* – *yet*, in comparison, oddly neglected. It still has a month to run.

*Scotland Creates* (until April 1: sponsored by Lilley) has something to it of political importance. Diplomatic might be the better word, diplomatic that is in the sense of art-world diplomacy and Scottish art-world diplomacy at that. It marks a full-scale collaboration between the National Galleries, Museums and Library of Scotland, all in Edinburgh, and to bring *them in harness* together was no small achievement. That the fourth in hand and leader should have been the Glasgow Museums and Art Galleries, in an exercise reserved to Glasgow alone is, to those who know anything of Scotland, remarkable. The resources of Scotland's two great cities, to say nothing of what is held elsewhere in the country, are so rich that who knows what treats this precedent might set.

The exhibition itself is miscellaneous, inclusive and avowedly didactic. Glossed as "5000 years of Art and Design", it is effectively a selective summary of the history of Scotland through its artefacts. As to what might be the nature of the collective Scottish sensibility and imagination we are left little the wiser, for what is there to connect relics of Orcadian prehistory – with the village of Skara Brae now carbon-dated back well into the third millenium BC – to the civilised vision of the Adam brothers, to the high romanticism of Sir Walter Scott, or to the great works of the modern engineers and ship-builders of the Clyde?

To be fair, though such a connection is inevitably mooted, none is actually proposed, which is all part of the imaginative tease. What come across instead, in a succession of tableaux and particular displays, are both the practical vigour and sheer *variety that characterise the* Scottish national achievement. We dive straight into James Macpherson's 18th century Celtic dream-world of the Blind Bard Ossian, that so fired the gothic and romantic imaginations, and from there move at once into the clear, contemporary classical light of the Adams, father and sons, to the Scottish artists on the Grand Tour, Norie, More and Nasmyth, and to those greater painters, Ramsay and Raeburn. And alongside we see our own contemporary neo-classicists, with a carved plaque by Ian Hamilton Finlay quoting Poussin, and a modern version by Gerald Laing of the obelisk sundials that were unique to Scotland in the 17th *century*.

So it goes on, with on the one hand Jacobite relics, Tartan romanticism and atavistic fascination with the remote Celtic past, and on the other the sophistication of the enlightenment, and the cosmopolitan civility of architects and designers from Adam to Mackintosh, painters from Michael Wright to the Cadell and Bellany. Does it all come together? Perhaps so. Such things as James Frazer's *great study in comparative* anthropology, *The Golden Bough*, offer a clue in being both monument to sober scholarship and yet so potent in its working upon the imagination. Or perhaps we may find one in Tim Stead's rebuilding and reinterpretation in wood of the house at Skara Brae, *here in the gallery, that* is at once faithful to archeology and independent work of sculpture. We are left only to ponder what strain it is that brings the mythical and the pragmatic, the romantic and the energetically mundane so happily together, and so often.


Scottish talent: 'Salome' by John Bellany at the McLellan Galleries

The McLellan Galleries now fall among those Glasgow Museums and Art Galleries which, after lying dormant these many years, for the *past 18th months, their new* director, Julian Spalding, has been kicking back into life. Early on, the City authorities put to him the idea that a capital sum might be invested with the interest to be set aside as a purchase fund. £3m was the not ungenerous sum suggested, in these straitened *times, with the not* unpleasing prospect of something over £250,000 a year to spend. The first purchases by this scheme are now on display at Kelvingrove, which is the city's main museum.

All, as it happens, are by Scottish artists, though there is no restriction in this respect. They include a large crucifixion by Craigie Aitchison, a triptych, "The Scottish Stoics", more grotesque *than usual, by Ken Currie*, with conscious reference to Breughel's "Blind leading the Blind". There are also three large canvases by John Bellany, early and late, augmented by a substantial group of water-colours, and an highly-mannered self-portrait, *almost self-caricature*, by John Byrne.

Glasgow's private sector is never to be ignored, though now I can offer only the barest of recommendations. The pioneering Compass Gallery (178 West Regent Street G2), now celebrating its 21st year, is showing the abstracted expressionist figures and landscapes of June Redfern. And directly across the road (at 141: until March 28), the William Hardie Gallery has *a substantial show* of paintings and drawings by George Leslie Hunter, the fourth and too-much neglected of the Scottish Colourists.

# The Double Dealer

**WOLSEY THEATRE, IPSWICH**

Some artists truly believe in evil, but few can present with understanding the workings of an evil mind; and it is always a shock to realise that Congreve is one of them. Maskwell, the double dealer of this 1694 play, is no mere rapscallion; and, as the stealthy blackness of his heart threatens to *overshadow* most of the other characters, the lineaments of this play alter strangely.

At times it is as if Phaedra, Iago, Mrs Wittiterley and Cordelia are all guests at the same family house-party. Adulterous intentions abound.

There is a family note to this Wolsey production – which runs until March 16 and then visits several other towns. That master of comedy, Paul Eddington, plays the soft-crust *cuckold, Sir Paul Pliant*; his daughter Gemma Eddington directs; and, for the record, his youngest son Dominic is the theatre's Joint Master Carpenter. Gemma Eddington has caught the breadth of tone the play develops within its narrow aristocratic confines. Not all the playing is yet of top level; and there is more detail and finesse yet to emerge. But Congreve's brilliant intensity is *there*.

Eddington *père* is the production's exemplum of Restoration style. There's not an scrap of waste in his playing; every exit and entrance is a gem. His neck is bent stiffly forward, like a tortoise's, burdened by his drooping peruke; his knees are bent with age; and, upon saying "I shall laugh incontinently" in his first scene, he finds himself so caught short that he has to *beat* a quick retreat. How perfectly he catches Pliant's silliness in his pauses, as when he denounces Careless as "a Judas Maccabaeus . . . and Iscariot . . . both." Eddington could start a new career playing the adorable old fools of the seventeenth century.

The last time I saw him was as Molière's *bourgeois gentilhomme*, with Nichola McAuliffe as his housemaid, *laughing lustily at his silliness*. Here, however, she is his sister Lady Touchwood – surely the play's hardest role – and her lustiness of another, unlaughing, kind. She's wracked by desire for her husband's nephew, manipulated and duped by her lover and confidant Maskwell, and her passions are the play's emotional extreme. *a tergo* The odd blend of chestiness and cream in her voice, the refined force of each syllable, and the eloquent nervousness of her fingers: these all work marvels. I think she can give the character a more absurd edge to the play's benefit, and her handling of some of the more complex scenes falters. But often she manages the great feat of being touching, funny, vehement and pathetic at one and the same time.

Did I really see Susie Blake, and only last year, in the *modern staffroom comic drama* of *Prin*? There she was youngish, drab, a self-confessed second-rater. Now she is Lady Pliant, a Puritan facade of bombazine-type correctness over a whirlpool of sensual susceptibility. She has speed, aplomb, edge: a nicely deft performance. The Pliants and Touchwoods are family. The Froths are their guests, but Lady Froth speeds towards adultery almost as fast as the other two wives. Deborah Cornelius plays her – very prettily – as a winsome parlour pekinese, fatuously educated, breathily seducible.

Maskwell is Steven Mann; Cynthia is Kate Godfrey. Both are attractive and credible; but both could display more force. The best male performance after Eddington's is Michael Mears as Brisk – a fop, rattle and adventurer in one, *scheming and silly and sharp*. Michael Hobbs, in the more central role of Mellefont, is amiable and vigorous, but – like Malcolm Browning as his chum Careless – has too little relish for fine language. The production is handsomely designed by David Knapman (decor) and Jane Green (costumes), and the scene-changes are accompanied by Purcell music, some from *Dido*, with its suggestions – *so* fitting here – of nobility, passion, witchery and wit.

**Alastair Macaulay**

# Atlas

**HOUSTON GRAND OPERA**

Meredith Monk is an original among originals – a performance artist who *composes, sings, dances,* mimes and enacts her dramatic conceptions with the collaboration of a longstanding troupe of associates, and who has now created her first opera.

This is *Atlas*, an "opera in three parts", of which Houston Grand Opera last week gave the world première, in the Cullen Theater of its Wortham Center. Whether the work deserves to be classified as opera, rather than music-theatre or, indeed, some other generic title even more suggestive of its multi-medium combinations, is in the end unimportant; for whatever the appellation, it is a work of extraordinary musical charm, visual beauty, pristine freshness, and a sense of wonderment that never turns coy or whimsical.

Monk and her troupe visited London recently with a selection of her shorter pieces. *Atlas*, which is her largest creation, was developed *in the same way as those: that* is to say, out of vocal and dramatic ideas inspired by the presence of a definite set of performers, then stretched via improvisatory rehearsal techniques to the point of becoming "fixed" (the piano score was set down by Monk herself, though the orchestration for a chamber ensemble was later devised by the musical director and conductor, Wayne Hankin).

The extraordinary thing about this process is that in the case of *Atlas* it has given rise to an operatic narrative that has its own very distinct kind of coherence – the tale of an explorer named Alexandra Daniels (played in early youth *by Dina Emerson, in her prime* by Monk, and in middle age by Sally Gross) whose yearnings toward spiritual self-discovery take her from small-town *American far across the globe*.

It is a three-act narrative built up of scenes large and small, each of them from a single creative idea eloquently elaborated. (At the first performance Act 1, running 75 minutes of a two-and-a-half-hour show, seemed far too long, but this fault may well have been addressed subsequently.) These scenes include the young Alexandra daydreaming in her bedroom while Mom and Dad carry on the domestic round; a wackily comic airport departure-lounge scene and, later, an even loopier saloon-dance in an Arctic setting; odd but perfectly placed nature meditations (such as the four Ice Demons who carol with sinister beauty); and a general sense of spiritual progression onward and upward that makes the short, mainly *a capella* third act a natural – and, indeed, radiant – heavenly ending.

There is *almost no text*. Wordless vocalise (apart from the very occasional introduction of a word or phrase studded in with poetic resonance) becomes in this context a vocal equivalent of dance mime; and, because of Monk's sure discipline and purpose, it can be charged with infinite subtly expressive inflections for story-telling, especially since the singers have all been schooled to extend their vocal lines with similarly expressive physical mime at the right moment.

Monk dislikes the label "minimalist". One sees why. While her musical sentences and paragraphs depend for their construction on tranced repetitions, the alteration and *development of harmonic and* instrumental material across a sustained sequence is crucially inspired by the individual singing voice, and *thus powered by quirky*, unmechanised (and therefore un-Glass-like) invention. Out of simple tonal formulas she draws rich patterns, some of them influenced by folk colours (African, Slavonic, Oriental); beyond everything this is stamped by her use of voices – "personal", exhilarating, and always animated by the beauty of singing.

My own surrender to *Atlas* was total and enchanted: its melodic formulations and its simple, picturesque staging (directed by Monk with Pablo Vela, designed by Yoshio Yabara and Debby Lee Cohen, lit by Beverly Emmons) have left a precious, shining memory residue. Not all the *Houston first-nighters felt the* same way – some of the more glamorously dressed among them left at the first interval – but the cheers at the end suggested that those who remained fell similarly under its spell.

Under the stewardship of the Houston general director David Gockley (whose personal enthusiasm for Monk's work masterminded the commission), this company has made itself one of the world's *important homes for new* opera. (Houston was, of course, the venue for the world première of *Nixon in China* and Tippett's *New Year*; on this page last month Andrew Porter reviewed another "first", the revised version of Floyd's *Passion of Jonathan Wade.*) After a tour to other American theatres, *Atlas* will be taken to Germany and this year's Avignon Festival. Is there absolutely no hope of a Sadler's Wells sojourn as well?

**Max Loppert**

# Blood Wedding

**SCHAUSPIELHAUS, DUSSELDORF**

The Dusseldorf Schauspiel's energetic policy of forging links with East European theatres is yielding rich prizes: this month a visit from the world's only Romany theatre, the Theatre Prallpe in Skopje; in April a Russian *Cherry Orchard*.

Lorca is an obvious choice for the Romany theatre. Unholy innocents moved by a power of nature greater than *their own*; tragedy unrolled with the fatalistic inevitability of the peasant tale. In *Gypsy Ballads*, Lorca saw gypsies oppressed by the Civil Guard as an emblem of all primitive and vulnerable peoples, and the great rural drama *Blood Wedding* cries out to be played in local folk tradition.

The prelude, an erotic dance to the overture from *Carmen*, unites Spanish and gypsy themes and sounds a tragic note even before the play has *begun. A gypsy girl and a* toreador figure, both in white cotton cut across by blood-coloured sashes – burgundy, crimson, vermilion – pull together and dart apart. She swoons at his feet, he forces her on top of him and them throws her off. Ecstasy, fury, pent-up passion are mirrored by two youths crouched at opposite ends of the stage, each holding live cockerels and spitting, rearing to fight.

Rahim Burhan's conception of the play is simple, stark, menacing. Patterned *metallic* panels slice up the stage into hard-edge rooms, gleaming now gold, now grey. Candles and lanterns wink under the arches. A table, draped in black, is laden with the fruits of the earth.

Marked for tragedy from the start, the Mother, the Bridegroom, the Bride cower in alcoves and doorways. Many lesser figures are omitted: a heightening of fatalistic intensity – though Lorca *hardly needs heightening* – but a loss of that multi-layered vividness which comes from characters like the curious Neighbour and the hypocritically humble Servant.

The remaining players are powerfully anonymous. Leonardo and the Bridegroom look so similar that on occasion it's hard to tell them apart, although the bride's response to one as a torrent and the other as a gentle stream is clearly suggested. *Much of the action is mimed*, emphasising individuals as archetypes. Leonardo beats his wife in a stylised brawl. The gift-giving scene is a series of dances – the Bridegroom imitating the Father in a waltz, stick tapped to drumbeat; then a disjointed flurry between Bridegroom and Bride. The Mother hovers throughout, a brooding, noiseless presence.

Without ever seeming forced, there courses through this production the ritual and superstition that informs all Lorca's plays: gypsy music on guitars, *violins* and pipes; *rich* brocaded costumes in black and gold; whirling dervishes with ashen faces; symbols like oranges, chastely exchanged by the married couple, sucked dry by the lovers, the remnants swept up by the Moon as a herald of death by passion.

One confession. I have seen a few familiar and great plays in languages of which I have understood not one word, and come away moved and exhilarated. This production gets to the very heart of Lorca's brew of folklore, sentiment and melancholy, and yet I felt only half-involved. Lorca is so tangible and present a writer – "a *shriek standing tiptoe*", "they could have stuffed the whole countryside in my mouth" – that language defines the landscape of his plays more effectively than anything a stage designer can do. Watch the play in an *incomprehensible* tongue and half of it is gone: theatrical tourism, cultural exchange, the pulsating Andalusian heat intriguingly translated as the claustrophobia of Dracula's castle, but not fully paid-up Lorca.

But, Baedeker in hand, I must be in a minority here – the normally reserved German audience was sufficiently inflamed to stamp and cheer and give a standing ovation that lasted some ten minutes.

**Jackie Wullschlager**

FINANCIAL TIMES

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Tuesday February 26 1991

# Labour's case on industry

FOR ALL the pre-electoral fanfare that accompanied its publication yesterday, Labour's new programme for British industry is not much more than an elaboration of earlier policy documents. The interest lies in the detail and the omissions; and while Conservative critics will no doubt attack the emphasis on manufacturing as atavistic, there are clear signs that Labour is now responding more to the perceived requirements of industrialists than to internal party pressures.

Gone are the visions of a more grandiose Department of Trade and Industry and the rhetoric of the Medium Term Industrial Strategy. As for the new incarnation of that old bogey, the British Investment Bank, its only role outside the small and medium sized business area would be to finance government-inspired long-term investment in infrastructure on a strictly commercial basis.

The main question that any shadow secretary for trade and industry has to confront is very simple. Is there any realistic place for industrial policy in today's conditions? With capital seeking a return on a global basis in a world without exchange controls, the old mercantilist game of subsidies and handouts does little more than encourage sub-optimal investment with distorting effects on the exchange rate. So much the better, then, that Mr Gordon Brown and his colleagues have chosen to look elsewhere.

The emphasis in Labour's industrial and regional policy is now unambiguously on upgrading skills, investing in infrastructure, encouraging technology transfer and decentralising Whitehall. That may not set the political world alight, but nor is it likely to wreck the economy.

## Tax incentives

To the extent that the means to these ends consist of tax incentives, which are now spelt out in some detail for the first time, they are defensible, if inadequately costed. Since Mr Nigel Lawson's reform of corporation tax in 1984 the system has tended to penalise capital against current spending. That bias is exacerbated by the absence of inflation proofing. Enhanced first-year capital allowances could help mitigate the damage. As for higher tax relief for research and development, some pump priming can be justified by externalities – the tendency of R & D to benefit more people than those who incur the original cost.

Yet there will be formidable problems of definition when allowances are to be made available not just for plant and machinery, but for innovation and design. Nor is it clear why investment in service industries should be discriminated against. In information technology, for example, the distinction between manufacturing and services grows ever more nebulous.

## Unchanged content

The more important criticism of Labour's document lies in an area of policy where a change in tone cannot disguise unchanged content. In competition policy, Mr Brown remains determined, in effect, to throttle hostile bids by putting the onus on bidders to prove that their bid is in the public interest and by defining the public interest to include criteria such as regional location, employment, environment and R & D. That is a recipe for large-scale and costly economic distortion. The way for Labour to curb the wilder excesses of the takeover market is to explore ways of generating less obviously inefficient takeovers. Other problems are best dealt with directly; environmental issues, for example, by a mix of fiscal and regulatory means.

If Modern Manufacturing Strength is a less-than-exciting document, it is because the one thing that most worries industrialists – the exchange rate – lies outside its scope. Yesterday's trade figures confirm once again that even in those areas where Britain traditionally enjoys comparative advantage, such as chemicals and capital goods, the volume of exports is failing to respond appropriately in recession. There lies the real dilemma for a Labour party that is committed both to manufacturing and to the Exchange Rate Mechanism. As the election approaches, the shadow chancellor, Mr John Smith will be hard pressed to avoid offering hostages to fortune on sterling.

# Growth pains in Thailand

THE military coup in Thailand, overthrowing an elected prime minister and government, serves to emphasise how difficult it is proving for countries of south-east Asia to adapt politically to the rapid changes being wrought economically in the region.

Prime ministers, like chief executives and football managers, are usually sacked after a string of bad results. Not so in Thailand. General Chatichai Choonhavan headed an administration, whatever its faults, which had delivered successive years of double-digit growth and put Thailand among the top two or three fastest growing economies in the world.

Admittedly, it was to a large extent built on past successes, particularly the more austere eight-year premiership of General Prem Tinsulanond. But Gen. Chatichai had, at least for the first half of his premiership, attracted a wide degree of popular support.

His failures were his personally, but were also very much those of the governing coterie of interest groups: the military, the politicians, higher echelon civil servants and the business empires. Where Mr Chatichai appears to have erred most was in failing to balance those competing interests in an economy where new wealth was being created very rapidly.

This is confirmed by the provisional programme announced by the military junta. After promising to hold new elections as soon as possible, the soldiers make two main points: first, they want an end to corruption, and second, less political interference in the civil service and the military. However valid these two points, they hardly amount to a policy for a government bidding to join the ranks of newly-industrialising countries.

## High costs

Thailand has grown as fast as it has by creating conditions favourable primarily to the business community. The role of government was to support business, not to legislate or act in a way detrimental to the creation of profits. It has produced dynamic growth, but at high cost.

Per capita income levels in the Bangkok metropolitan area are several times higher than in the impoverished north-east. Huge environmental damage has been done to the countryside through reckless logging. Bangkok has become one of the most polluted capital cities in the world with one of the worst public transport systems. Grave social issues, such as prostitution and the spread of Aids, receive too little official attention.

## Persistent problems

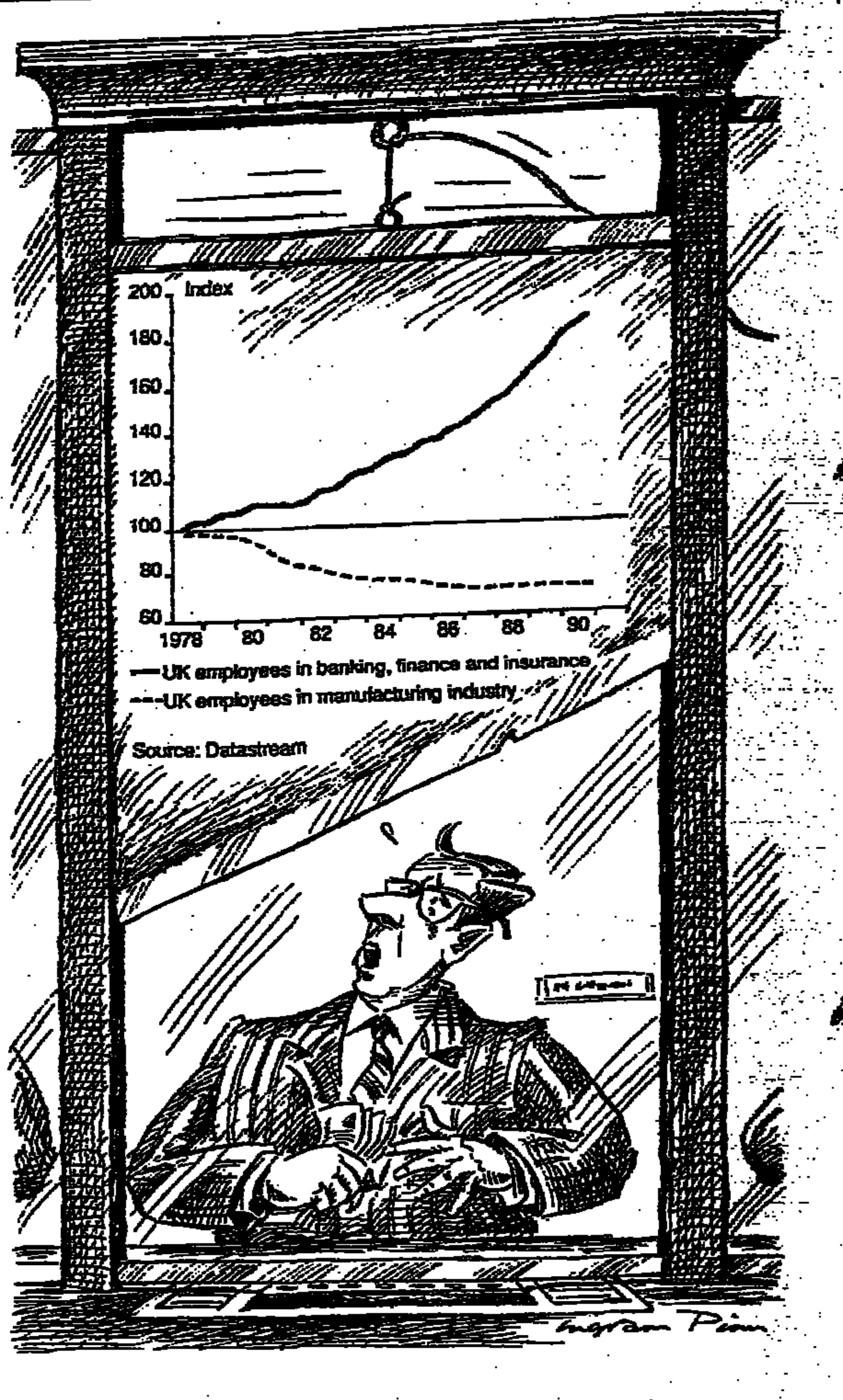
Gen. Chatichai's best-known response to such issues was the one by which he will be best remembered: "no problem". But as most Thais knew, the problems were not just persistent, but were worsening. The size and value of the infrastructure projects the government needed to implement – roads, urban transport systems, communications, power generation – became ever bigger. The chance of sudden riches expanded. Envy developed and the rate of decision-taking dropped sharply as competing claims made it almost impossible to judge bids on their merits. One of the results of the military takeover may be to delay several multi-billion dollar contracts.

It had been widely feared and publicly discussed that the Chatichai government, the first to be democratically elected for 12 years, would also prove to be vulnerable to accusations of corruption. In the eyes of the army the charge has stuck, as must always be the risk in a system where votes are openly purchased. Public accountability loses much of its significance when politicians see elections as investment opportunities designed, like any other business, to pay financial dividends.

Thailand's electorate is not naive and the press is already getting back into its vigorous stride. Public demand for greater involvement in the process of government is certain to become more emphatic as the country industrialises. The military role within the ruling establishment is well established, with 17 coups since 1932 to prove the point. Sadly, there is nothing in its latest intervention to suggest it is any better equipped to handle the issues raised by the economic achievements of the Thai people.

## Recession-hit UK banks are cutting jobs and changing working practices, says John Gapper

# Cold comfort in the high street




The setting was comfortable, but the message was harsh. "We are facing the upheaval that manufacturing has already gone through," Mr Brian Pitman told his fellow professionals gathered at the Chartered Institute of Bankers in London's Lombard Street. "Think of what happened to the engineering industry and the coal industry in the 1980s. We will go through the same thing because we have the same problems."

The gloom of Lloyds Bank's chief executive in his lecture to the institute (motto: *Probus et Fidelis*) shocked few of those present last month. Most were familiar with the crisis of overcapacity in British financial services, the painful restructuring looming in the big clearing banks. Yet his words might have scared the absentees with most to fear: the 500,000 staff cast as the surplus engineering fitters and coal miners of a new recession.

Mr Pitman talked of banks having over-extended themselves through bad debts and unprofitable new ventures. He said a change of tactics was needed. "The whole idea that we must save our people, therefore we have to diversify, is wrong. We must cease to be workers' co-operatives and become successful businesses," he said. He spoke almost wistfully about the toughness of Hanson, the industrial group: "That is management, not pussy-footing around."

Lloyds' 40,000 staff do not yet know their fate; the bank has not specified the number of redundancies it wants. But they know Mr Pitman's voice is not a lone one. National Westminster is trying to cut 15,000 jobs by 1995; Barclays wants a cut of between 15 and 20 per cent in its 87,000 staff over the next few years; Midland is trying to lose 1,400 of its 47,000 posts this year alone. The only certainty for staff is that jobs are no longer safe.

What they face is more than a cut in numbers. It is a fundamental change in the nature of what they do. The traditional branch, in which 70 per cent of space is devoted to back office processing and 30 per cent to the customer, is being pulled apart. Computer systems are taking on much of the paper processing and credit assessment. The banks want their staff to sell financial products, and to offer high-quality service.

This is altering the employment contract. Banks have been the closest equivalent to the civil service in the private sector, offering "cradle to grave" employment for a stream of workers who joined from school and were trained in a broad range of skills. The change in job demands is starting to fracture many working traditions. More specialists are needed to run the technology; older women are being recruited on part-time contracts to help the sales push.

Beyond this upheaval, the place of banks at the leading edge of the 1980s white-collar employment market is under threat. As the largest white-collar employers in many towns, banks influence earnings elsewhere by what they pay. National Westminster's annual south-east allowance of £750 in 1987 was one of the most widely-copied pay innovations of the decade. Earnings in banking rose 13.6 per cent between 1989 and 1990, and put pressure on other employers.

Small wonder that senior bankers talk in near-apocalyptic terms of the changes facing their staff. Yet there are siren voices who say all this has been heard before. The 1980s were littered with investments in technology which failed to reduce head-counts, and training programmes in customer service which failed to change bank culture. Banks still stand as monoliths of employment traditions which are taking a long time to die.

Nevertheless, there are signs that the banks are set on achieving the changes in productivity and working practices they have talked about before. There are two reasons:

- The structural crisis facing the industry is such that it can no longer absorb what Mr Pitman calls the "black holes" of Third World debt or risky acquisitions in unfamiliar markets such as Midland's 1980 purchase of Crocker National Bank. As banks struggle to cut their ratios of cost to income, they are inevitably examining staff costs, which account for more than 60 per cent of spending. Many look with envy on cost/income ratios as low as 45 per cent in building societies.
- They are on the verge of breaking into a wave of technology which will sweep through branches: the transfer of all customer information to data networks. Each big clearer is experimenting with this technology; Midland is trying it out in 11 branches. The vision is of credit assessment and marketing driven from an integrated network. Layers of clerical work could be eliminated.

Banks thus have both the means and incentive to enter new territory. Mr Tom Robson, Midland's retail network director, says new technology will allow real job cuts, and so real cost savings, for the first time. "We are being forced to reap the real benefits of technology, and they are coming. We are just starting to see it, and feel it, and touch it," he says.

The first effect of this change is that there will be fewer jobs. The banks are still chary of compulsory redundancy, preferring to hope that all excess labour can be shed amicably. But Lloyds failed to reach a job security deal with its two staff unions in November, and many fear the worst. "Job security is not suddenly going out of the window, but it is impossible to say there will never be compulsory redundancy," says Mr David Duffield, National Westminster's personnel director.

The jobs most at risk are the junior ones: information technology, instead of people, will do clerical and secretarial work. Midland has installed machines capable of clearing 60,000 cheques an hour in 13 centres to remove a layer of work from branch back offices. A broader range of jobs is threatened by branch restructuring: the banks will no longer offer all services from all branches. Lloyds is developing small "satellite" branches grouped around centres which carry the full range of services.

The second effect is to change the skill requirements for managers' and supervisors' jobs. The banks say they want managers to acquire new skills, but the technology's main effect is to eliminate old ones. Managers of small branches face the removal of corporate accounts – so-called "relationship banking" – to corporate business centres, and will have less discretion over personal account lending because of automated credit assessment. In return, they are being trained in how to sell new products, and manage branches.

This change is creating internal strains. "A lot of managers love lending money. If you take that away from them, they wonder what the job is," says Mr Pitman. Some argue that machines will not replace people. "Banking will never be just a matter of pressing a keyboard and seeing what comes out," says Mr John Harriman, Midland's UK banking personnel director. But the need for technology to replace staff implies at least some move in that direction.

The third effect of the upheaval is on the white-collar labour market. Barclays has already signalled a sterner pay mood within the big banks by offering a pay deal worth 7 per cent. The employment shake-out in other sectors such as engineering in the past decade has left the banks among the largest and most influential of pay bargainers. Their influence on clerical pay and employment conditions is such that their downturn will depress expectations elsewhere.

"It is not a question of cutting wages, but we have to be very, very careful that we do not continue to pay over the odds compared to the rest of the market," says Mr Bill Tildman, director of employee relations at TSB retail bank. Mr Harriman says banks will compete in the labour market by offering training and promotion to skilled staff from all sources, rather than by paying well and offering secure employment to school-leavers.

All these shocks are likely to reverberate in the next few years through banks, and the towns whose high streets they inhabit. "It is very rare that anybody will recommend to you that you close down a branch, but that is often what you should do," Mr Pitman told members of the institute last month. The banks' structural weaknesses and the market's over-capacity mean comfort is no longer an option. It is a hard time to be a bank manager; worse to be a clerk.

# Banking's age of uncertainty

## Lisa Wood on the pattern of redundancies within the sector

Any manager over 50 feels old in banking today, says Mr Barry Ingham, a former Trustee Savings Bank manager in Liverpool who accepted voluntary redundancy last September at the age of 56.

More than 4,000 jobs have already been lost at the TSB retail bank since 1989; 1,000 more redundancies are in the pipeline. Mr Ingham says the bank started working downwards from managers and assistant managers to find voluntary redundancies.

There was no official bias against older staff at the TSB – but Mr Ingham knows of no remaining managers in Merseyside who are aged over 50.

Mr Ingham, who is president of Bifu, the financial services union, started with the TSB at 16 when a job at a bank was seen by his family as a "job for life" with a good pension.

Yet he does not feel bitter today against his former employer. "A lot of us felt disgruntled but the financial package I got was such that I would have been stupid not to have gone," he says.

Mr Ingham was lucky in that he was over 50 and so got an immediate pension. But many of his colleagues who accepted voluntary redundancy were under 50 – with an average age of 45 – and so had deferred pensions, forcing them to go back into a difficult labour market.

Why did they accept voluntary redundancy? "If you find you are not wanted you do not hang around," says Mr Ingham. He also believes that older people may have found it difficult to adjust to aspects of the bank manager's new, broader role, a change brought about by the more competitive banking environment of the 1980s.

Young people, he says, may find this new environment more exciting and be more responsive to initiatives such as profit–related pay. Yet few are likely to remain with the same bank all their working lives, he adds.

This new working environment has found little favour with other middle-aged employees. A secretary in her mid-50s with Midland Bank who has accepted voluntary redundancy says: "I think the bank has lost staff loyalty. I feel they want to get rid of older people, but the youngsters do not seem to have the dedication or the interest."

She says her bank has changed beyond all recognition. "It is all selling and looking for new business. We are given targets to compete for. Before we gave more of a service and we could be more polite. Now it is far more pressurised."

She has worked at the same branch for 12 years and assumed she would continue with Midland until retirement. "I thought it was safe. I did not think they would start getting rid of people. Now they seem to be getting rid of people willy-nilly. A lot of people want to get out now."

# OBSERVER

## New Turkish delight

■ Is Turkey, a country historically more noted more for belly-dancers and harems than for women's liberation, about to become the first country headed by a husband and wife team?

President Turgut Ozal's redoubtable wife, Mrs Semra Ozal, has long made it clear that she would like to go into politics, perhaps even run for prime minister. Two weeks ago she threw her hat into the ring by declaring herself a candidate for the chairmanship of the Motherland Party's Istanbul branch, the largest and most powerful in the country.

If the move was mildly unpopular with the Opposition (President Ozal is a non-executive head of state, constitutionally debarred from links with any party) it went down like a lead balloon with the ruling Motherland Party, especially its Islamic conservative wing led by Mr Ozal's male relatives. Both the President's brothers - Korkut and Yusuf - attacked Mrs Ozal's candidacy.

Undaunted, last Friday President Ozal booted his first cousin, Mr Hüsnü Doğan, the defence minister, out of the Cabinet, for siding with his two elder brothers against his wife. Nor has Mrs Ozal been well received elsewhere. At her first constituency dinner, despite President Ozal's three-line whip, only four of the 25 district chairmen turned up.

Nevertheless, Mrs Ozal looks determined to press on. Last week she crossed her rubicon by resigning from her main public office: the chairmanship of a women's group called the Daisies.

## End of a dream

■ S G Warburg's decision to re-establish its name in Germany and apply for a banking licence is bound to jog a few memories. The late Sir Siegmund Warburg worked in the family's Hamburg bank, M M Warburg, before moving to London to found his London merchant bank. According to Jacques Attali's unofficial biography, Sir Siegmund long harboured the idea of merging his small German operation with the old family bank and regaining control.

The Hamburg bank's name had been changed on several occasions, during and after the war, and Sir Siegmund fought long and hard for the return of the bank's original name – M M Warburg – something which did not happen until last year. Later, the two arms of the family, along with other interests, did share an interest in Effektenbank-Warburg, a small Frankfurt commercial bank, but this came to nothing, and shortly before "big bang" Warburg sold its 30 per cent stake for DM40m.

S G Warburg is now investing the same sum in its new Munich subsidiary. Although relations between the London, and Hamburg banks are said to be cordial, this latest move demonstrates once and for all that Sir Siegmund's dream is not going to come true.

## Quick fit

■ There can be no doubt that the introduction of DAKS self-supporting trousers in the 1930's will go down as one of of the world's great sartorial techological breakthroughs. But the choice of brand name suggests that the company's creative juices were somewhat limited.

Apparently the two Simpson brothers, working late into the night, had drawn up twenty possible names for their new trousers. So enthusiastic were they that they decided, at two o'clock in the morning, to phone Sir William Crawford, their advertising consultant, and try them out on him.

When the name DAKS – said to have been an amalgam of dad and slacks – was mentioned, Sir William said:"that's the one. Now good night!," and put the phone down firmly.


"I'm not at liberty to discuss my movements."

## New pub boss

■ Bob Williams, hardly a household name in the UK property world, will shortly find himself in charge of one of the country's biggest and most profitable property companies.

As chairman and managing director of Grand Metropolitan Estates, the bluff, outspoken Williams already manages the group's UK and European property portfolio, with assets of more than £2bn. Now he is taking charge of Inntrepreneur Estates, the GrandMet/Courage joint venture, with an initial 8,450 pubs in his portfolio.

Williams, 41, has been the leading figure in establishing GrandMet Estates as one of the group's mainstream businesses. He joined the group eight years ago as property director for its pubs.

The Inntrepreneur 20-year lease scheme, which he helped develop, put GrandMet's tenanted pubs on the same commercial property basis as high street shops. The idea has been widely copied.

One of his first tasks will be to oversee the sale of some 1,100 pubs during the next two years, as part of the agreement with the Monopolies and Mergers Commission. Not surprisingly, Williams is bullish about the property market. "I think it has bottomed out," he says. He is confident there are buyers out there.

Britain's new property magnate began his career with Derbyshire county council and he remains a keen supporter of Derby County football club. He went on to work for British Shoe Corporation, William Hill, and Allied Breweries before joining GrandMet.

Married, with two children, he has a farm in Buckinghamshire, acquiring the taste for farming when a trainee with a land agency.

Last Friday's agreement between GrandMet and Courage was doubly celebrated. The announcement came at the same time as the year's first lambs.

## Fighting talk

■ General Chatitchai Choonhavan, overthrown in military coup in Thailand at the weekend, will be remembered affectionately for his last visit to London in October. A former cavalry officer he endeared himself to Mrs Thatcher by offering her advice on how to conduct the war with Iraq, if fighting broke out.

" In the desert it's best to attack in the late afternoon," he solemnly told her, "with the sun behind you so that it shines in the enemy's eyes". Later, at a press briefing, he was again asked about the Gulf situation.

"At Wentworth, this afternoon, I think", he replied.

Felipe Gonzalez's third term as Spanish prime minister is marked by internecine feuding and paralysis in decision-making, says **Peter Bruce**

# A bad case of 'provisionalism'

Mr Carlos Solchaga, the Spanish finance minister, seems almost incapable of thinking something without saying it. Last summer, he attacked the lack of internal democracy in Spain's ruling Socialist party. In November, when left-wingers blocked his elevation to the national executive, he stormed out of a party congress and declared himself "the loser". Last week, he warned that the government was trapped in a "trance of provisionalism" in which little progress could be made on economic policy.

Mr Solchaga's mouth may one day get him into trouble, but he is a godsend for analysts faced with an almost complete absence of information about anything *within* the tight circle the prime minister Mr Felipe Gonzalez draws about himself. Thanks to Mr Solchaga, Spaniards know that the government is divided on serious policy questions, that free internal party debate is *practically* forbidden, and, now, that the prime minister's aversion to making decisions is hurting the economy.

Perhaps Mr Solchaga is too tired to care what he says. The "trance of provisionalism" dates from October 1989, when Mr Gonzalez won his third successive term in office. His unchanged government for the first few months, he let it be known, was "provisional" and would be quickly re-organised.

Now, 16 months later, that same provisional government is still in place. Mr Gonzalez, who first hesitated because of a series of disputed election counts, then got caught up in a scandal surrounding Mr Alfonso Guerra, until recently his long-standing deputy prime minister. Now the Gulf war, it seems, has totally shut down the political machine.

A state-of-the-nation address has been delayed for more than a month. No information is forthcoming about Spain's growing role in the war. And, amazingly, there has still not been an official explanation – beyond a brief announcement on January 12 – of Mr Guerra's resignation as deputy prime minister.

This was supposed to be the year Mr Gonzalez finally took Spain by the scruff of its neck in a last Herculean effort to prepare its uncompetitive industry, cossetted unions and top-heavy bureaucracy for the advent of the European single market after 1992. He has not done so, in part because of continued squabbling within the government, in particular involving the left-wing Mr Guerra.

The one big political hurdle he needed to surmount was supposedly cleared at a bound when the deputy prime minister resigned to concentrate his energies on running the party. But Mr Guerra's departure was a long goodbye.

A year ago a financial scandal erupted around Mr Guerra's brother Juan. The latter recently had assets worth Pta250m (£1.37m) frozen ahead of a tax evasion trial. But as questions were asked about the deputy prime minister himself, Mr Gonzalez insisted testily that "if Alfonso Guerra goes, so do I".

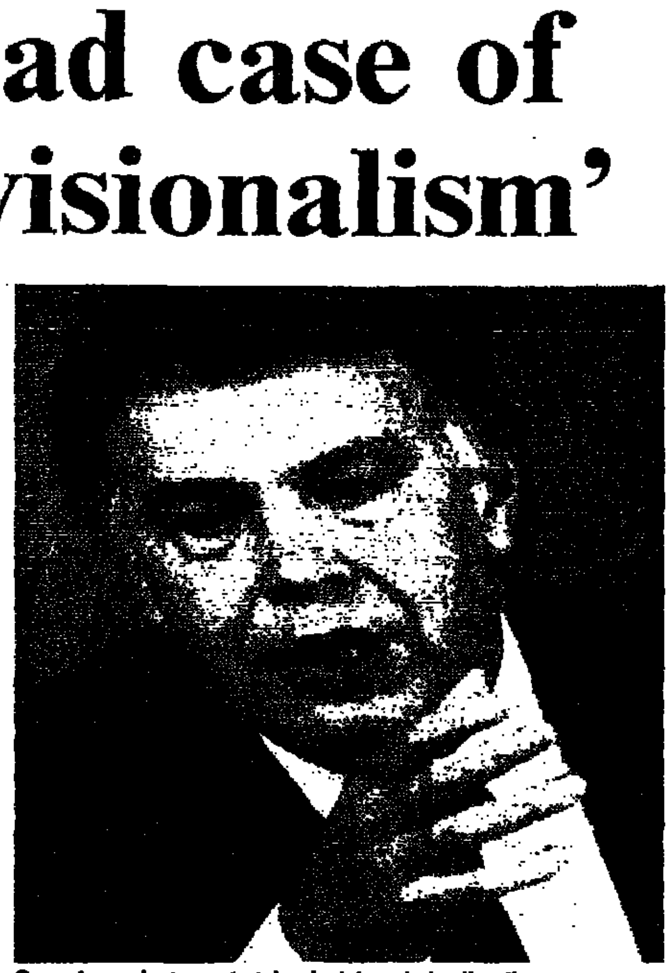
An astonishing transformation followed. Early on, Mr Solchaga and other liberal ministers opposed to Mr Guerra's politics and tight control of the party machine began to band together and to warn the prime minister that Spain could not continue soft-pedalling on social and economic reform – spending cuts and a wages deal designed to reward productivity – without risking serious damage to its competitiveness in the single market.

Spain's economic boom came to an end in the first quarter of 1990. Since then, industrial output and tourist income have been falling fast. The peseta remains overvalued. High interest rates have hardly budged. The battle against inflation is bogged down.

In the late summer, some ministers openly sided with an opponent of Mr Guerra's in a regional party election. Mr Gonzalez tried only half-heartedly to pretend his government was not split. Clearly someone, probably Mr Solchaga, was getting to him. Then, in an interview with the Financial Times in October, Mr Gonzalez talked of the need for governments to be independent. He noted with relief that the big socialist trade union had broken with government over the latter's conservative economic policies.

Even some colleagues in the party seemed not to appreciate the need to cut inflation, he said. Many seemed to think that winning high pay rises was more "socialist" than fighting inflation.

At the end of Mr Solchaga's unhappy party congress in November, Mr Gonzalez stood up to close it. Remember, he said, "government policy is made in the Moncloa [the cabinet compound] and not the Ferraz [party headquarters]".



Gonzalez: reluctance to take decisions is hurting the economy

That declaration of independence was quickly followed by briefings in which people close to Mr Gonzalez began to deny that he and Mr Guerra were even close friends. Their message was that Mr Gonzalez was envious of the way his socialist mentor in France, President François Mitterrand, had revitalised French industry and cut inflation to just 3 per cent in 1986, and wanted to move quickly to do the same. It would mean steeling himself against a sharp rise in unemployment and probable uproar in his party. A forthcoming cabinet reshuffle, the briefers hinted, would reflect this new, harsher resolve. Should Mr Solchaga's efforts to secure a pact with the unions on competitiveness fail, then the government could simply impose a tough wage regime.

But Mr Gonzalez's "trance" – no doubt deepened by the war – is holding up a deal on productivity (or at least the imposition of a wages policy) that becomes more pressing with every new economic statistic filtered out by his administration. The rate of inflation, barely contained last year despite draconian credit restrictions, jumped 1.2 per cent in January. Unemployment grew for the sixth month in succession. The broad money supply measure grew 14 per cent – nearly double its target – and car sales fell more than 20 per cent in January.

A promised cut in interest rates seems as distant as ever. Private credit grew 27 per cent in January and the Bank of Spain has just revised downwards the Finance Ministry's already conservative economic growth forecast for the year from 2.7 per cent to 2.5 per cent. Spain, meanwhile, is living off other people's money. Chasing a peseta still trading near the maximum allowed in the exchange rate mechanism, foreign holdings of medium-term government debt shot up from just over Pta200bn on January 16 to some Pta800bn in less than a month.

Even if Mr Solchaga is able to implement his *pacto de competitividad* the economy will probably remain burdened with high interest rates for a long time. The small two-tenths of a percentage point fall in two short-term market rates earlier this month was made in co-ordination with the Bank of England, and will probably not be quickly followed up.

But time is short. The government was promising late last year that an expected fall in inflation would lead to lower interest rates and, subsequently, to the removal of the country's last capital controls. Spain *has* to lift those by the end of next year anyway which may, finally, bring about a durable cut in rates.

Mr Solchaga and his aides insist on representing the string of bad car sales, housing starts and unemployment figures as the inevitable consequence of a deliberate effort to cool the economy and bring it to a "soft landing". But, in fact, they are doing little now that they were not doing at the height of Spain's boom in 1988 and the truth is probably that Spain, with many other European economies, is simply being swept willy-nilly down the rapids of recession.

The dangers of that happening to a country whose leadership's attention is distracted are obvious. In Spain's case, the dangers are even more acute. Its industry and especially its service industries, remain thoroughly uncompetitive. Employers say they are again ready to make wage settlements above Mr Solchaga's 5 per cent inflation objective.

Mr Solchaga's "trance" taunt may have been an attempt to shake Mr Gonzalez into getting on with it, and it may work. On the other hand, with crucial municipal elections looming in May and Socialist popularity in the cities falling, Mr Gonzalez may find an excuse to do as little as possible.

With Mr Guerra no longer able to manipulate cabinet meetings, life should be easier for the finance minister provided Mr Solchaga is not "reshuffled" too. Cabinet changes are now said to be imminent; the new names will quickly tell Spaniards whether Mr Gonzalez now has the courage of his convictions.

## Joe Rogaly

# Textbook escape from Strangeways

At the last count there were 44,433 prisoners in English jails (a few in Wales are included in the figure). Most are inadequate people, unblessed with the personal characteristics or skills necessary to cope with late 20th-century life. If not inside, they would be on the streets, like the petty thieves of whom far more get away than are caught. Society would best be protected from the more pathetic prisoners by regarding them as in need of care and rehabilitation and treating them with a modicum of decency. Others, who could well look after themselves, commit unspeakable acts of violence. They should be locked up and the keys thrown away.

I rehearse this rough and ready judgment on the basis of conversations over the years with a succession of home secretaries. They invariably make their rounds of the prisons and come to much the same *depressing conclusion*. The present home secretary, Mr Kenneth Baker, has been undergoing a similar learning experience, as is evident from his statement on the Woolf report* in the House of Commons yesterday.

Mr Baker accepted a handful of Woolf's 12 recommendations and 204 proposals. Slopping-out will be ended by December 1994, two years earlier than proposed. There will be more family visits, less censorship of letters, access to cardphones. A white paper will tell us what the home secretary proposes to do about the rest of it, most notably the proposed commitment to guarantee no overcrowding after the end of 1992. That is the target date for bringing the prison population and the available accommodation into balance. Mr Baker should not spend long on this white paper. Labour's Mr Roy Hattersley argues that the best way forward is to accept the Woolf report in its entirety. He is at least half-right. For the conditions in which prisoners of all kinds live are, with a few notable exceptions, appalling. By west European standards, our jails are not only inadequate; they are uncivilised.

It is all there in Woolf's 598 pages. The document's progenitors are those menacing-looking prisoners who filled our television screens last April, as they stood on the rooftop of Strangeways prison in Manchester and hurled slates, abuse, and contemptuous defiance at the rest of society. Strangeways was certified to hold 970 inmates. On April 1 it contained 1,647 men behind bars. "The inmates were spending too long in their cells, without sanitation and without the opportunity, with reasonable frequency, to bathe and to change their clothes, including their underwear," says the report. Anyone who has visited a British prison will be unsurprised by this account. Prisoners are often crammed two and three to a cell built in the last century to accommodate one.

The rooftop rebels are rightly being punished: 183 of them have been convicted or put on trial. Yet their outrageous behaviour has had a positive effect. It led to the appointment of Lord Harry Woolf and, subsequently, his co-author, Judge Stephen Tumin. Their policy recommendations would, if fully implemented, amount to "the greatest step forward in penal policy this century", according to the National Association for the Care and Resettlement of Offenders, which has not been uncritical of Home Office policy in the past.

This is understandable. Woolf calls for a complete overhaul of the management and practices of prisons, from the top down and the bottom up. It balances the need to make jails secure against the requirements of internal control. At the same time it emphasises that justice – treating prisoners according to an internal rule of law – is a vital element in the mix. It lists recommendations designed to reduce the prison population and improve the buildings. It floats the notion of small community prisons, with about 50 to 70 prisoners in each unit. Both prison officers and prisoners themselves are to be offered a new regime whose essential element is that they be treated with respect.

The home secretary well understands the danger of this kind of thinking, especially if it is put in the wrong way. Perhaps that is why he is giving himself time to prepare a white paper. The Conservatives behind him, some already unsettled by what they regard as the dangerous drift to the left by Mr John Major's new administration, are not likely to respond well to talk of mollycoddling criminals. Mr Baker is too canny to be caught in such an obvious trap. He emphasised the right phrases yesterday - there was no question, he said, of jails becoming holiday camps. He also promised to legislate for a new offence of prison mutiny, carrying a penalty of 10 extra years.

What remains to be seen is how far the Conservatives dare go towards reducing the prison population. Over the past decade eight prisons have been built. A further 13 are under construction. But most of these should replace Victorian structures, not add to the total. The number of prisoners has fallen since it reached a 50,000-plus peak in the summer of 1988, but judges and magistrates still show remarkable ingenuity in getting around guidelines designed to reduce, or in certain circumstances, eliminate custodial sentences. In some cases the law should restrain the judges: for example, as Woolf says, fine defaulters should no longer be imprisoned. Labour has proposed scrapping the mandatory life sentence for murder; I would go along with that for some crimes of passion, if two lifetimes could be served by cold-blooded killers.

No reforms will have public support if the home secretary fails to educate the electorate about the realities of the criminal justice system. Mr Baker can be a good shaper of public opinion when he tries. The Woolf report provides him with an admirable, if over-long, textbook.

**Prison Disturbances April 1990. Report of an Inquiry by the Lord Justice Woolf and Judge Stephen Tumin. HMSO, Command 1456. £38*

Joe Rogaly's column will appear on Tuesdays and Fridays, the Foreign Affairs column every Wednesday.

# *LETTERS*

## Gatt's fast track needs more time

*From Sir Michael Palliser*

Sir, The reports from Geneva that the Gatt negotiators may at last have found a way through the agricultural quagmire are welcome indeed. As I said in my letter of January 10, the world economy badly needs a successful Uruguay Round to preserve and enhance prosperity through genuinely open trade, not least in agriculture.

But welcome though this breakthrough is, the amount of work that remains to be done, *not only* on agriculture but on all other areas and particularly on services and intellectual property makes it impossible for the negotiations to be completed by the end of this month when the US congressional "fast track" negotiating authority expires. So it is essential if the negotiations are to continue to satisfactory completion for the US negotiating authority under the "fast track" procedure are extended by Congress, and everything must be done by all those interested in a successful conclusion to persuade Congress in whatever way possible to recognise this.

Even if such an extension is granted, many crucial questions remain. It will, in particular, be essential for the US to make clear its commitment to *a rules-based multilateral* agreement on services which covers all sectors and which embodies the important principle of non-discrimination embodied in most favoured nation status. An agreement which excluded sectors or compromised the non-discriminatory principle of MFN would risk undermining what we have all tried to achieve over the last four years.

Michael Palliser,
*chairman,*
*Liberalisation of Trade in Services Committee and European Community Services Group,*
*39 King Street, EC2*

## Van maker's unreasonable 11.5% pay rise

*From Mr J F M Monkhouse.*

Sir, It is depressing enough to read (February 16) that IBC Vehicles, the joint venture van maker owned by General Motors of the US and Isuzu of Japan, has agreed a pay increase backdated to December 1990 of 11.5 per cent for all employees at its plant in Luton, Beds.

But what really makes one feel like plunging over the cliff is that pay will increase for the second year of the agreement by the RPI percentage at November 1991 plus 1.25 percentage points.

No need for productivity, or for profitability, nor mention of reward for merit; and the justification is that four out of six big UK car manufacturers have made comparable agreements in the past few months.

Is it any wonder that the UK is largely unable to compete internationally, simply on the basis of cost, let alone on quality of production or on innovation which are far more difficult to achieve?

Most depressing of all is the realisation that if salaries and wages cannot be tempered in a recession, one must assume that a large part of UK management is too weak to manage its own business.

J F M Monkhouse
*6 Parkwood Road,*
*London SW19*

## Interest on late payments

*From the chairman, Institute of Credit Management,*

Sir, The small business lobbyists who think their problems would be solved by charging statutory interest on late payments ("Long, costly wait for satisfaction", February 11) are deluding themselves.

If legislation were introduced, dominant companies would insist on the minimum period of payment for small customers but demand longer periods from their suppliers. The position for small companies would thus be exacerbated. Even in countries where such legislation exists, it has failed to solve the problem. A recent EC policy document states: "The process involved in pursuing the legislation is slow and sometimes costly. The effectiveness of special legislation must, therefore, be questioned."

In any case, prevention is better than cure. Small businesses with a turnover of less than £1m should employ someone who has been professionally trained in the principles of credit management. Larger companies should have a dedicated credit manager who is regarded as an integral part of the management team rather than "a considerable addition *to the* wages bill".

Credit is part of the competitive offering of any company. Like any other business activity, it has to be professionally managed.

P J Martin,
*Easton House, Easton on the Hill, Stamford, Lincs.*

## Fall in output under Labour

*From Mr Ian Thompson.*

Sir, John Wells' letter (February 15) calls for public debate to be informed by *facts* and figures which are correct. He makes an excellent and concise analysis of export trends in the 1980s, which I hope will help to inform and influence opinion.

But then he attacks the "old canard" that manufacturing output fell during the 1974-79 Labour government, by quoting levels of manufacturing output during the election months of February 1974 and May 1979. Output levels in February 1974 – and the whole first quarter of 1974 were artificially low because of strikes; and output levels in the second quarter of 1979 were higher than either the preceding or the following quarter.

Measuring output in any period other than the particular months or quarters in which the elections were held shows clearly that manufacturing output did indeed fall during the 1974-79 government.

Ian Thompson,
*economic adviser, Engineering Employers' Federation.*
*Tothill Street, SW1*

**Manufacturing Output (1985=100)**

| February 1974 election | May 1979 election |
|---|---|
| 1973 fourth quarter 111.1 | 1979 first quarter 103.8 |
| 1974 first quarter 105.5 | 1979 second quarter 108.6 |
| 1974 second quarter 112.3 | 1979 third quarter 104.8 |
| 1973 year 110.4 | 1978 year 106.0 |
| 1974 year 109.1 | 1979 year 105.9 |

## A new cure for inflation

*From Mr Edward de Bono.*

Sir, There are businesses that need inflation in order to thrive (real estate, credit marketing, professional services etc). There are businesses that are killed by inflation. All are bled by the standard cure for inflation. This standard cure of raised interest rates is about equivalent to the old medical habit of blood-letting as a cure for any sort of ailment – even if the patient was weakened to the point of death.

Our handling of inflation will have to become a great deal more sophisticated in the future – though, sadly, I see no sign of this. Meanwhile, as an interim *measure, I would* suggest a Vat-like tax on much lowered interest rates. This would be recoverable by business but not by consumers. Of course, a reduction in consumer spending hurts business cash flow so there might need to be ways of deferring this tax payment or charging it only against profits.

Edward de Bono,
*L2 Albany,*
*Piccadilly, W1*

## Taurus mystery

*From Mr John Willett.*

Sir, The delay in implementing Taurus (Finance & the Family, February 2) was presented as though we are all deemed to be familiar with the background.

Companies, big and small, have yet to comment either in detail or on the wider implications of Taurus and, with their shareholders, to decide about adopting it. Little information about Taurus is circulating in the lay community. Thus, it has yet to be demonstrated that it carries quantifiable benefits for the private investor and small shareholder. By analogy, we all use roads but we do not expect to (have to) hire a luxury coach every time we want to go to market.

John Willett
*Shareholder Monitor,*
*PO Box 14, Worksop, Notts.*

## Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

FINANCIAL TIMES
Tuesday February 26 1991



EUROPEAN MONETARY UNION

# EC plans veto on policies by 1994

By David Buchan in Brussels

EC GOVERNMENTS would have to submit their economic and budgetary policies to collective Community scrutiny and discipline as early as the second stage of European monetary union (Emu) starting in 1994, according to a compromise tabled by the Luxembourg presidency yesterday.

The Luxembourg proposal was described as useful by many EC finance ministers, meeting yesterday for their monthly negotiation on monetary union.

But this was only because it was vaguely worded enough to paper over differences on appropriate penalties for governments which endangered union by running excessive budget deficits.

Mr Norman Lamont, UK chancellor of the exchequer, said his government favoured economic self-discipline.

However, it could not accept that binding rules should be written into the EC treaty on what constituted an excessive budget deficit, or on any automatic trigger mechanism for sanctions against an errant government.

By contrast, most of Britain's larger EC partners yesterday endorsed the need for the Treaty of Rome to contain some "stick" to keep governments' economic policies in line.

Mr Guido Carli, finance minister of Italy, which runs one of the largest budget deficits in the Community, said that some criteria for sanctions were needed.

France and Spain went a long way towards endorsing the discipline preached with particular fervour by the German and Dutch ministers. But several smaller countries side with the UK – more for practical economic reasons than for worries about sovereignty – in arguing against imposition of discipline. Yesterday's session was designed to give the senior Treasury officials who negotiate regularly on behalf of the Twelve a steer on the highly political issue of economic discipline, rather than settling on any precise text.

Today, the senior officials move on to the question of monetary institutions. Mr Wim Kok, Dutch finance minister, surprised some of his counterparts when he said he saw no reason why the planned Eurofed should start life right at the beginning of the second phase of Emu.

# Bundesbank official defends D-Mark role

By David Marsh in Bonn

STRONG German criticism of French and British attempts to weaken the international monetary role of the D-Mark was voiced last night by Mr Karl Thomas, an influential member of the Bundesbank's policy-making council.

Mr Thomas, a long-standing Bundesbank economist who is now president of the Hesse regional central bank, aimed his unusually forthright remarks at French proposals on developing European monetary union (Emu).

Speaking at Wiesbaden, he also hit out at Britain's suggestion of establishing a "hard Ecu" as a parallel currency to foster European monetary harmonisation.

Mr Thomas's broadside formed part of a general Bundesbank campaign to head off any attempt by the Bonn government to compromise over the central bank's sound money principles, in the present delicate negotiations over Emu.

In recent months, the Bundesbank has frequently spoken out against premature moves towards Emu. But Mr Thomas raised the central bank's criticism to a new and more active plane by warning that both France and Britain were trying to curtail the Bundesbank's monetary power.

The European Currency Unit, the composite currency basket which has a central place in the plans of the EC Commission as well as the French and British governments, is "not a currency in its present form," Mr Thomas said.

The latest proposals were attempts "to substitute and, in so doing, bring to an end the role in [monetary] integration of the D-Mark and of the policy of the Bundesbank," he added.

France's recent suggestions for political control of exchange rate policy of a future European central bank contradicted the general view that such a central bank should be independent from government, he went on.

Mr Thomas also launched a stout defence of the Bundesbank's unpopular moves at the end of last month to increase its discount and Lombard rates.

Referring to strong criticism in Paris of the Bundesbank action, Mr Thomas said one reason for France's "indignant" reaction was because "the French government was suddenly reminded of the limits of its political possibilities. It had to recognise that the aim of fixed exchange rates limit its freedom of action in interest rate policy."

Mr Thomas pointed out that German capital market interest rates had actually fallen by 0.5 percentage points since the discount and Lombard rate increase.

Financial markets were effectively rewarding the Bundesbank for having refused to weaken its "stability policies" in spite of "recessionary tendencies" observable in the international economy, Mr Thomas suggested.

# UK trade deficit rises £345m to £1.2bn

By Rachel Johnson, Economics Staff

HOPES OF an early cut in UK interest rates were dented but not extinguished by the news of an unexpected widening of the trade gap in January.

The government Central Statistical Office announced that the trade deficit rose to £1.2bn last month, compared with £855m in December and market expectations of about £800m.

Strong import penetration, the high pound and the slowdown in world trade during the Gulf crisis were all factors cited by economists to explain the worsening in the UK trade performance.

The authorities attributed the deterioration entirely to factors affecting the parts of the account which cover trade in oil and the erratics – such as ships, aircraft and precious stones.

Imports of precious stones were sharply higher, while exports of oil were depressed by the lower price. The authorities pointed out that, excluding these, the visible trade deficit shrank by £100m to £1.1bn in January.

However, the underlying trends showed that export growth was flagging, while demand for imports was not falling as quickly as expected in the recession.

The volume of exports – excluding oil and erratics – in the three months to January was 1 per cent lower than in the previous three months and 2½ per cent higher than a year earlier.

Import volumes over the three-month period were 2½ per cent lower. Values of imports rose by 3 per cent in January to £9.6bn, while export values totalled £8.4bn.

Sterling's strength has been reducing overseas sales to the depressed economies of the US and Canada.

The figures showed the UK's trade deficit with North America was £377m in January, after a monthly average of £150m in 1990.

Initially, the data prompted falls in share prices on London's equity market as hopes of lower borrowing costs dimmed.

With sterling in the exchange rate mechanism, any adjustment to the trade balance has to be achieved by damping demand via interest rates, not sterling devaluation. In recognition of this constraint, the three-month interbank rate rose by ⅛ point to close at 13-12 ⅞ per cent.

Then the markets rallied, amid expectations of a cut within the next two weeks. Mr Norman Lamont, the chancellor, is expected to cut rates to 13 per cent by the time of the Ribble by-election on March 7.

Sterling took the news in its stride, closing at DM2.9275 after DM2.9250 on Friday. On the stock market, the FT-SE 100 share index rose 21.2 to close at its high for 1991 at 2,335.5.

Mr Alan Beith, the Treasury spokeman for the second-largest opposition group, the Liberal Democrats, said the trade balance ought to be improving as sharply lower demand reduced the need to import goods. He said that despite last month's figures, the trend in trade was favourable and the government should cut interest rates.

The Labour opposition trade and industry Mr Gordon Brown said these new figures confirmed that Britain now had the worst trade gap of all its European competitors and the highest interest rates, the lowest growth and the fastest rising unemployment.

He added: "With exports down and imports up this is the 31st monthly deficit over £1bn since John Major entered the Treasury."

# Iraqis set more Kuwait wells ablaze

By Juliet Sychrava and Robert Graham in London

ALMOST half of Kuwait's 1,300 oil wells were on fire last night as Iraqi troops intensified their scorched earth policy.

Allied commanders in Riyadh, the Saudi capital, said 517 oilwells had been set alight, more than double the number ablaze when the land offensive began in the early hours of Sunday morning.

Industry experts warned that the damage would run into billions of dollars.

Mr Nadir Sultan, president of the Kuwait Petroleum Company (KPC), said in London the situation was "worse than our worst nightmares".

Dealing with the fires would be a top priority once Kuwait was liberated, but putting them out could take several years.

Oil industry analysts said only five international fire-fighting companies had the experience to deal with the fires.

"Two hundred live fires could take two years to put out using the five fire-fighting companies and all their resources," Mr Sultan said.

Oil at many Kuwaiti wells is brought to the surface under natural pressure and experts said this made it more difficult to tackle damage or fire.

"It is like a champagne bottle. If you break the top off, it keeps flowing, and you have to get the top back on to stop it," Mr Sultan said.

Smoke from the fires continued to cast a pall over the battlefield. However, winds from the south were pushing it towards Iraq and Iran in the north. Allied commanders claimed the smoke was not affecting the conduct of the land offensive.

Iraq's scorched earth and sabotage policy since the ground offensive began has included the destruction of commercial banks, hotels and public buildings, according to Kuwaiti exiles in London.

## Allies push on into Iraq

Continued from Page 1

Iraq's scorched earth policy in response to the ground war had caused more than 600 fires, including 517 oil wellheads.

The second element was a thrust across the Iraqi desert – both to cut communications between Baghdad, Basra and Kuwait, and to encircle all those forces to the south. This was expected to be backed up eventually by an amphibious assault by US marines, massed offshore. Despite a number of reports, military briefers denied any assault had yet begun. Baghdad radio for the second day in succession said Iraqi forces had repelled allied attempts to seize Faylaka island guarding the approach to Kuwait City.

Gen Michel Roquejeoffre, the French military commander, reported that French forces had "neutralised" an entire Iraqi division of more than 10,000 troops in their sweep into Iraq on Kuwait's western flank. The French had taken some 3,000 prisoners.

Gen Khalid bin Sultan, the Saudi commander, told reporters that he expected the figure to rise to at least 100,000 by the end of the conflict. Many of the Iraqis were surrendering without a fight in the traditional way by raising a white flag.

In the Gulf itself, the Royal Navy destroyer HMS Gloucester intercepted an Iraqi Silkworm missile believed to be aimed at the battleship USS Missouri. This was the first attempted strike against warships since two Iraqi Mirage F-1s carrying Exocet missiles were shot down on January 24.

Brig-Gen Neal said that on the ninth day of Desert Storm the allies were "continuing to attack and continue to achieve tremendous success." He said operations were ahead of schedule. The US spokesman warned that the allies had "only employed a small portion of our total combat power."

## Iraqi troops urged to flee

Continued from Page 1

is a clerk in a government department in Baghdad dealing with vegetable oil.

He was captured by an insurance salesman from Virginia, Captain Pete Gotensohn, a reservist marine from the 2nd Light Armoured Infantry Brigade, who was walking his prisoners to a collection point where they would be picked up by one of the dozens of school buses commandeered to take Iraqi captives to PoW camps.

"They have been coming in droves," said Capt Gotensohn. "mostly I think it's because they're hungry. I'd rather it was this than having to dig them out of foxholes."

One company alone, he said, took 700 prisoners yesterday. The only military problems so far were mines and some "minor artillery", and he seemed more concerned by allied aircraft than by any Iraqi resistance.

Two A-4 jets and an F-16 circles above us hungrily, apparently unsure if we were "friendly", obliging him to run to his vehicle to confirm his identity.

Although the men and women of the Marines in the central sector wore their chemical suits and over-boots, they had advanced so far towards Kuwait City by yesterday that they were already bringing in the mail trucks along with the ammunition and fuel over the border.

Capt Gotensohn said the Marines were planning to turn their narrow breach of the Iraqi defences into a six-lane desert highway to cope with the supplies. "From what we hear, they (the allies) are on the outskirts of Kuwait City," he said. "It's just like a giant steamroller going forward."

Behind him the wellheads of Kuwait's sabotaged Manageesh oilfield were ablaze, sending plumes of fire into the hazy, grey sky.

Valentin Pavlov: no reformers

# New Soviet cabinet list leaves out liberals and reformers

By John Lloyd in Moscow

RADICAL reformers have been excluded from the list of cabinet ministers proposed by Mr Valentin Pavlov, Soviet prime minister, for approval by the Supreme Soviet.

Key ministers named yesterday by President Mikhail Gorbachev included Mr Vladimir Orlov, the new finance minister, who was first deputy minister to Mr Pavlov when the latter headed the finance ministry.

Mr Orlov is said to be a cautious official favouring market reforms in a framework of continuing state control and gradual liberalisation. He inherits a vast surplus of unconvertible roubles and a banking structure still largely state-controlled and with little autonomy.

Most of the other names announced were reappointed to the jobs they held under Mr Nikolai Ryzhkov, prime minister for six years until his resignation last year after a heart attack. Marshal Dmitri Yazov retains the Defence Ministry and Mr Vladimir Kryuchkov remains KGB chairman.

So far, some 20 ministerial names have been submitted, from a total of 32. The list of ministers, and of state commission chairmen, must be approved by the Supreme Soviet within a few days.

None of the ministers so far named has a reputation as a radical – in contrast to Mr Ryzhkov's last cabinet, which included Dr Leonid Abalkin, deputy prime minister and a leading voice for economic change from the academic world, and Mr Vladimir Bakhatin as interior minister before he was displaced by Mr Boris Pugo in a pre-Christmas purge of liberals. The present appointees are mainly men who have made their careers in the ministries and party apparatus.

Mr Pavlov – who shocked world opinion, and colleagues, two weeks ago when he seemed to blame western banks and corporations for Soviet economic ills – has since tried to establish himself as a pragmatic reformer open to co-operation with the west.

The Council of Ministers, meanwhile, has approved a draft law which would allow Soviet citizens to convert roubles into foreign currency at free market prices through currency auctions, according to the weekly newspaper Commersant.

However, it is unclear what limits would be set to these transactions, and when they would be authorised. Government inspectors have also been empowered to increase surveillance of non-state enterprises in Soviet Union which are authorised to have foreign economic links.

● The president of Soviet Georgia proposed peace talks yesterday to end a vicious ethnic conflict in which six more people were reported killed at the weekend, Reuter reports from Moscow.

Mr Zviad Gamsakhurdia said he was ready to negotiate with leaders of the breakaway region of South Ossetia, but only after rebel Ossetian groups were disarmed. The official Tass news agency said he made the offer in a letter to Anatoly Lukyanov, speaker of the Soviet parliament, which last week threatened to impose emergency rule throughout South Ossetia. The Soviet parliament heard yesterday that 33 people had been killed and 145 wounded in ethnic fighting between Georgians and Ossetians.

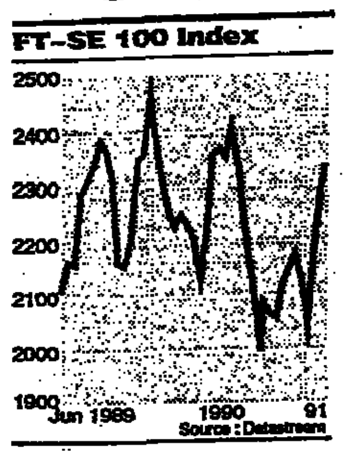
THE LEX COLUMN

# Taking victory for granted

The striking part of yesterday's market reaction to the start of the Gulf land war was that Wall Street failed to hold its opening gains. Since hostilities started in mid-January the FT-A World Index has risen by some 17 per cent. Wall Street, which jumped 115 points on the first day, was originally in the van. It is now trailing.

In part, this looks like a classic instance of the market's discounting function: the fall ahead of an undesired event – the war itself – and recovery on its arrival, then a further rise on hopes of a successful outcome, which duly halts when the outcome looks like being achieved. But there is also a domestic aspect. Wall Street now seems reasonably convinced that it can see its way out of the US recession. It is less sure that the prospect is reasonably priced.

The components of this uncertainty are familiar. By conventional measures the market is if anything dearer than its long-run average, while the evident anxiety of the Fed to carry on easing is a reminder of the continuing strains in the US financial system. The market is not necessarily wrong to be looking to recovery. But rising 16 per cent in 18 trading days, as it had done by this time last week, is taking a good deal on trust.




## UK economy

There is a similar feel to the UK market, which at one point yesterday was little more than 100 points away from its all-time high. In the UK market too, the focus of attention has drifted from the Gulf to domestic preoccupations. All that mattered about yesterday's trade figures was that they should be seen to leave room for the expected cuts in base rates. And indeed, shorn of exceptionals, the trend is still one of modest improvement.

With that out of the way and barring accidents in the Gulf, it looks perfectly feasible to arrange a base rate cut before next week's parliamentary by-election, let alone the Budget. It is much too early to say that ERM membership is producing the virtuous circle envisaged by the markets at the time of joining last October. But with sterling now only two pfennigs below its central rate, the ERM may indeed be proving less of a straitjacket than it seemed only weeks ago.

As in the US, the central question thereafter is one of corporate earnings. The markets have risen in part because of the conviction that an end to the war would remove an obstacle to economic recovery. There must be an element of truth in that. But removing obstacles is one thing, producing recovery another. When the drama is over, the markets may be in for a quiet time.

## Vickers

There is still a case against Vickers if you take the short term view. Institutions are not likely to be hungry for stock after last month's placing of Sir Ron Brierley's 20 per cent stake. Cash-rich balance sheets and dollar hedging do not fit the current fashion for recovery stocks. And the outlook for luxury cars is so uncertain that this year's profits total has to be anyone's guess.

On the other hand, Vickers' fundamental appeal as a tightly run business with quality brands can only be helped by what is about to be reported elsewhere in the sector. Selling the Howson printing business at the top of the market has already been admired: the signs so far are that the proceeds are also being shrewdly invested. Cosworth may seem unduly dependent on Ford; perversely, that could prove a strength if Ford turns to performance models to restore its fortunes. There also seems reason to expect more from marine and medical equipment this year. As for Rolls, which will certainly suffer this year, the last two recessions suggest the market will quickly pick up once confidence returns.

The big imponderable, of course, is whether the UK opts to replace its army's ageing Chieftain tanks with Challenger 2. Vickers has had a good war; but the company is understandably nervous of such high stakes. The real prize is not just the 50 or 60 vehicles a year that might be built for the UK government but the help this would give the overseas sales team. The Saudis and their Gulf neighbours will arguably be in the mood not just for buying but for reducing their dependence on the United States. Shareholders should not bank on any increase in the dividend this year but the longer term promise justifies the 6.5 per cent yield on yesterday's 300p.

## Bank holdings

Yesterday's re-financing of London & Metropolitan might suggest that UK banks now agree with the German model of taking equity stakes in their clients. Perhaps a better explanation is that the banks are exhibiting a welcome realism about the merits of forced asset sales in a buyer's market. Debt-equity conversions are still rare, but the list has lengthened in recent weeks. Existing shareholders can scarcely complain about dilution if the only alternative is a pile of worthless stock certificates.

In effect, banks taking equity stakes instead of foreclosing are playing double or quits. Where the underlying assets consist of commercial property, as with L&M, putting in the receiver makes some degree of loss a certainty. Injecting more capital in exchange for equity makes it at least possible that the original investment can not only be recovered but turned to profit.

This more flexible approach to banking could have perceptible benefits for the whole economy by smoothing the edges of the cycle. Many otherwise viable companies fail to grasp the basic fact that while debt is the appropriate form of finance in an upturn, equity is what is needed later in the cycle. The problem is that more conservative lenders will tend to draw a line between companies with tangible asset backing – property being the obvious case – and service companies with no tangible net worth at all. In other words, a Saatchi-style rescue may prove the exception.

The only people who might think twice about all this are the banks' shareholders, who may well feel that the banks have yet to prove their ability to back winners in the first place. But arguably they too have little to lose. Equity deals have no immediate effect on the profit and loss account and where they fail, the original loans will already have been provided for. It all seems satisfyingly long-termist.



## WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 15 | 59 |
| Algiers | S | 16 | 61 |
| Amsterdam | S | 11 | 52 |
| Athens | C | 8 | 46 |
| Bahrain | - | - | - |
| Bangkok | F | 32 | 90 |
| Barcelona | S | 14 | 57 |
| Beirut | - | - | - |
| Belfast | F | 8 | 46 |
| Belgrade | C | 4 | 39 |
| Berlin | R | 7 | 45 |
| Biarritz | S | 19 | 66 |
| Bombay | F | 28 | 82 |
| Bordeaux | S | 15 | 59 |
| Boulogne | C | 9 | 48 |
| Brussels | C | 8 | 46 |
| Budapest | S | 7 | 45 |
| Buenos Aires | F | 23 | 73 |
| Cairo | C | 20 | 68 |
| Cape Town | S | 21 | 70 |
| Caracas | F | 36 | 97 |
| Casablanca | - | - | - |
| Chicago | S | -1 | 30 |
| Cologne | C | 8 | 46 |
| Copenhagen | S | 7 | 45 |
| Corfu | S | 14 | 57 |
| Dallas | F | 9 | 48 |
| Dublin | S | 8 | 46 |
| Dubrovnik | S | 16 | 61 |
| Edinburgh | S | 9 | 48 |
| Faro | R | 11 | 52 |
| Florence | S | 18 | 64 |
| Frankfurt | F | 10 | 50 |
| Geneva | S | 11 | 52 |
| Gibraltar | C | 13 | 55 |
| Glasgow | F | 9 | 48 |
| Helsinki | C | 3 | 37 |
| Hong Kong | C | 17 | 63 |
| Innsbruck | S | 14 | 57 |
| Inverness | F | 7 | 45 |
| Islamabad | F | 21 | 70 |
| Istanbul | C | 6 | 43 |
| Jakarta | R | 31 | 88 |
| Jersey | C | 10 | 50 |
| Johannesburg | S | 29 | 84 |
| Lima | F | 23 | 73 |
| Lisbon | F | 13 | 55 |
| London | F | 13 | 55 |
| Los Angeles | C | 13 | 55 |
| Luxembourg | S | 10 | 50 |
| Madeira | C | 16 | 61 |
| Madrid | S | 14 | 57 |
| Majorca | S | 17 | 63 |
| Malaga | C | 16 | 61 |
| Malta | S | 16 | 61 |
| Manchester | S | 10 | 50 |
| Manila | F | 30 | 86 |
| Melbourne | S | 35 | 95 |
| Mexico City | C | 27 | 80 |
| Miami | S | 28 | [illegible] |
| Milan | S | 13 | 55 |
| Montreal | F | -10 | 14 |
| Moscow | C | 3 | 37 |
| Munich | S | 14 | 57 |
| Nairobi | F | 28 | 82 |
| Naples | S | 17 | 63 |
| Nassau | | - | - |
| New Delhi | F | 18 | 64 |
| New York | S | -4 | 25 |
| Nice | S | 16 | 61 |
| Nicosia | F | 16 | 61 |
| Oporto | S | 15 | 59 |
| Oslo | S | 6 | 43 |
| Paris | S | 14 | 57 |
| Peking | S | 1 | 34 |
| Prague | Fg | 3 | 37 |
| Reykjavik | R | 4 | 39 |
| Rhodes | C | 14 | 57 |
| Rio de Janeiro | C | 30 | 86 |
| Rome | S | 17 | 63 |
| Salzburg | S | 14 | 57 |
| San Francisco | Fg | 6 | 43 |
| Seoul | S | 2 | 36 |
| Singapore | F | 32 | 90 |
| Stockholm | S | 8 | 46 |
| Strasbourg | S | 12 | 54 |
| Sydney | S | 27 | 81 |
| Taipei | F | 18 | 64 |
| Tangier | - | - | - |
| Tel Aviv | - | - | - |
| Tenerife | S | 20 | 68 |
| Tokyo | S | 9 | 48 |
| Toronto | Sn | -4 | 25 |
| Tunis | F | 17 | 63 |
| Valencia | C | 12 | 54 |
| Venice | S | 14 | 57 |
| Vienna | Fg | 1 | 34 |
| Warsaw | S | 8 | 46 |
| Washington | S | -2 | 28 |
| Zurich | S | 11 | 52 |

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
# COMPANIES & MARKETS
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Tuesday February 26 1991





## INSIDE

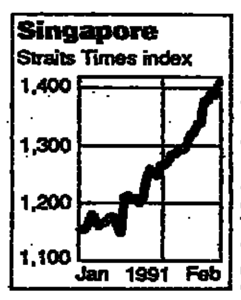
### Saudi prince to cut stake in Citicorp

The Saudi prince who invested $590m in the convertible stock of Citicorp last week has pledged to restrict his stake in the US banking group to under 10 per cent. Prince Alwaleed bin Talal has assured the Federal Reserve, the US central bank, he will sell the 4.9 per cent share of common stock in Citicorp that he built up at the end of last year. That would leave him with the 9.9 per cent stake acquired on *Thursday*, when he bought Citicorp preferred convertible stock worth 36.8m ordinary shares. **Page 20**

### Ulcer drug boosts Astra

Increased sales of the anti-peptic ulcer drug Losec helped Astra, Sweden's largest pharmaceutical company, to lift its profits by 36 per cent last year. Sales of the drug rose from SKr380m ($68.1m) in 1989 to SKr1.47bn making it Astra's best-selling product. Last month Losec suffered a setback in America when the US Food and Drug Administration failed to approve the drug for wider use. A few weeks earlier, however, it made a *breakthrough* in the all-important Japanese market. **Page 18**

### Singapore strides ahead




Singapore was last week's best performing stock market, helped by improved liquidity and signs of an imminent cut in interest rates. It rose 4.6 per cent in local currency terms. Singapore Airlines, the largest component of the Straits Times Industrial index, was strong as investors looked beyond the Gulf war to an earnings recovery. **Page 40**

### Low and Bonar advances 14%

Low & Bonar, the Dundee-based plastics and packaging company, raised its pre-tax profit by 14 per cent last year, helped by particularly strong growth in continental Europe. Chief executive Roland Jarvis (left) said this part of the business had been "built up from nothing in 1985". The increase came in spite of a fall in turnover following the sale of low-margin businesses and lower demand from North America. **Page 25**

### Tin men call it a day

Government funding was yesterday withdrawn from Wheal Jane and South Crofty, the last two tin mines in Cornwall, marking the end of an era of British industrial history. Carnon Holdings, the management and employee-owned company which operates the mines said Wheal Jane would quickly flood, making it unlikely that it would ever open again. South Crofty, however, would be kept on a care and maintenance basis. **Page 28**

### Market Statistics



### Companies in this section



### Chief price changes yesterday

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | Synergen | 33 | − | ¾ |
| **Rises** | | | | **PARIS (FFr)** | | | |
| AG Ind | 765 | + | 27 | **Rises** | | | |
| Fag. Kugel | 280.5 | + | 9.5 | Bouygues | 562 | + | 22 |
| Holzmann | 1315 | + | 53 | Fonc. Lyon | 869 | + | 34 |
| Porsche | 815 | + | 15 | Geophysique | 735 | + | 20 |
| Verein-West | 318 | + | 10 | Merlin-Gerin | 553 | + | 31 |
| **Falls** | | | | Sommer-Al | 1504 | + | 119 |
| Muench Rck | 2485 | − | 10 | Total | 667 | + | 19 |
| **NEW YORK ($)** | | | | **TOKYO (Yen)** | | | |
| **Rises** | | | | **Rises** | | | |
| Biogen | 35⅞ | + | ⅝ | Hitachi | 1310 | + | 80 |
| MCI | 28⅞ | + | ⅛ | M'bishi Hvy | 839 | + | 17 |
| Schering-Pl | 47⅞ | + | ¾ | Mitsui Ship | 659 | + | 38 |
| Warner Lambert | 78⅞ | + | 1¼ | Sumitomo Hvy | 797 | + | 61 |
| **Falls** | | | | Tokyo Gas | 707 | + | 34 |
| Citicorp | 53¼ | − | ¼ | Toshiba | 894 | + | 67 |

New York prices at 12.30.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **LONDON (Pence)** | | | | Low & Bonar | 206 | + | 10 |
| **Rises** | | | | Micro Focus | 1208 | + | 115 |
| Abbey Natl. | 261 | + | 13 | Molynx | 97 | + | 10 |
| Austin Reed A | 146 | + | 16 | NFC | 149 | + | 10 |
| Bensons Crisps | 110 | + | 10 | Norex | 142 | + | 11 |
| Bioplan | 17 | + | 6 | P-E Intl. | 146 | + | 14 |
| Blacks Lels. | 64 | + | 12 | TI | 483 | + | 22 |
| Business Tech. | 99 | + | 11 | Tellos | 93 | + | 8 |
| Caird | 70 | + | 10 | Tiphook | 403 | + | 22 |
| DAKS Simpson A | 570 | + | 237 | Tunstl | 68 | + | 11 |
| Douglas (RM) | 415 | + | 75 | Warringtons | 30 | + | 9 |
| Gen. Accident | 570 | + | 17 | | | | |
| Helical Bar | 196 | + | 17 | | | | |

# Lenders wary of IBM unit buy-out

By Martin Dickson in New York

*WALL STREET'S cautious* attitude to financing highly leveraged transactions was underlined yesterday when JP Morgan, the New York banking group, acknowledged it had yet to syndicate a $1.1bn loan for the buy-out of International Business Machines' typewriter and printer business.

This does not threaten the deal, since Morgan and five other agent banks have already underwritten the funding, but it leaves agent banks with a larger-than-expected exposure to the deal.

The IBM business is being sold for about $1.5bn to an investment group led by Clayton & Dubilier, the New York leveraged *buy-out specialists*, with some $1.1bn of loans coming from the banking group led by Morgan.

The co-agents are Barclays Bank, Deutsche Bank, Banque Nationale De Paris, Mitsubishi Bank and Mitsubishi Trust and Banking.

The loan agreement was announced in late December and Morgan set a deadline of February 14 for secondary syndication. It has now extended this window indefinitely. Some eight other institutions have committed to the deal, leaving the six co-agents each with an exposure of somewhat less than 15 per cent. Morgan said: "This is a tough environment to get banks to commit to leveraged deals."

US banks, suffering mounting loan loss provisions from highly leveraged deals, have been under pressure to cut their exposure to this area, although buy-out industry proponents argue that lenders can still be found for the best deals. The typewriters buy-out, due to be completed by the end of March, will leave IBM with a 10 per cent stake in the new company, which will have annual sales of about $2bn.

Meanwhile, JP Morgan has moved a step closer to becoming the first US commercial bank to underwrite a public stock offering since the passage in the mid-1930s of the Glass-Steagal Act, which separated the banking and securities industries.

Amsco International, a Pittsburgh manufacturer of healthcare equipment, last week filed a preliminary prospectus for a public offering and named JP Morgan Securities as one of four underwriters of its issue. The flotation is expected in March.

The Federal Reserve gave Morgan permission to underwrite stock offerings in a landmark decision last autumn.

## THE WALLENBERG EMPIRE

Peter Wallenburg

| Company | Activity | Voting share (%) | Capital share (%) |
|---|---|---|---|
| Asea | Engineering | 29 | 23 |
| Astra | Pharmaceuticals | 15 | 13 |
| Atlas Copco | Industrial equipment | 32 | 25 |
| Electrolux | White goods | 59 | 6 |
| Ericsson | Telecoms | 42 | 4 |
| SKF | Roller bearings | 40 | 18 |
| Saab-Scania | Trucks and aerospace | 100 | 100 |
| Stora | Forestry | 35 | 27 |
| Sila | Stake in SAS airline | 17 | 17 |
| Esab | Compressors | 14 | 12 |
| SEB | Banking | 6 | 6 |

Source: James Capel & Co

# Reshaping a family empire

**Robert Taylor and John Burton** report on the Wallenbergs' strategy

The Wallenbergs are fighting to safeguard their dominant influence over corporate Sweden. The SKr12.8bn bid by the family's investment companies, Investor and Providentia, to acquire the whole of Saab-Scania is an important move in the rapid restructuring of this powerful industrial empire.

The strategy, devised by Mr Peter Wallenberg at a time of increasing liquidity problems, is defensive, aiming to keep the Wallenbergs' industrial control in the deregulated economy that will emerge in Sweden if the country joins the European Community during the 1990s.

The struggle for corporate power promises to be intense and complex. The family intends to consolidate its position and concentrate its strength in a handful of core companies.

These are Asea, the engineering group; Stora, the huge forestry company; Electrolux, the world's largest white-goods maker; the roller-bearing business SKF; the industrial equipment company Atlas Copco; and Saab-Scania.

The Wallenbergs' industrial power since the early 1930s has rested on Sweden's differentiated share system in which voting shares have 10 to a 1,000 times the strength of common equity shares.

This has enabled the family – through its investment companies Investor, Providentia, Patricia and Export-Invest – to keep tight control over companies even with small equity stakes.

Analysts estimate that the Wallenbergs have control over SKr200bn (£18bn) worth of companies in Sweden – as much as 34 per cent of the total Swedish market capitalisation – on the basis of SKr37bn of capital actually employed.

Moreover, the family has been helped by the obstacles raised against ownership of shares by foreign companies. Swedish corporate bylaws often include a clause preventing foreign companies acquiring more than 20 per cent of the votes and 40 per cent of the equity in any company without government approval.

But this hallowed system is expected to end in the next few years as Sweden's company ownership laws come into line with the rest of western European practice.

**The Wallenbergs' industrial power since the early 1930s has rested on Sweden's differentiated share system in which voting shares have 10 to a 1,000 times the strength of common equity shares . . . Analysts estimate that the Wallenbergs have control over SKr200bn (£18bn) worth of companies in Sweden – as much as 34 per cent of the total Swedish market capitalisation – on the basis of SKr37bn of capital actually employed**

Sweden's negotiations, with other countries in the European Free Trade Area, to form a European Economic Area with the EC are likely to bring changes to the country's company law that would deal a body blow to the Wallenbergs' power structure. But this may be the price that Sweden will have to pay if it wants to gain access to the EC – either through the EEA or through full membership of the community. Changes to Sweden's existing company laws are expected to be announced this spring.

The Wallenbergs are aware of this threat. Last April they began their strategy of consolidation to meet it with the SKr4.3bn purchase by Asea of Incentive, the Wallenberg-dominated holding group.

However, the restructuring has been taking place while liquidity problems have increased for the Wallenberg empire. This was caused mainly by last year's falling stock market values which devastated the family's share portfolio. It was not helped by the SKr4.3bn spent in acquiring a 22 per cent stake in Saab-Scania held by the Swedish financier Mr Sven-Olof Johansson, who was conducting a raid on the company's shares.

These unforeseen events placed enormous strain on the Wallenberg investment companies in 1990. Investor and Providentia reported a combined loss of nearly SKr1.7bn last year and their debt burden had risen to SKr25bn by mid-February. The two investment companies need fresh sources of income to continue with the restructuring programme.

They usually raise capital on the stock market through share deals, but this has not been possible because of adverse conditions on the bourse. The new tax system in Sweden has also restricted the use of dividends as an income source.

As a result, Investor and Providentia decided to acquire Saab-Scania to tap a new source of income.

However, the acquisition will now raise their debt burden to SKr38bn. To ease interest costs, the Wallenbergs may have to break up Saab-Scania, with the company's 50 per cent stake in Saab Automobile possibly being sold to General Motors, which owns the other half. Alternatively the Wallenbergs may sell their stakes in other Swedish companies, such as the highly profitable pharmaceutical company Astra.

The drugs company yesterday reported a 36 per cent rise in profits before extraordinary items to SKr2.507bn. The company estimates that sales of Losec, its highly successful anti-ulcer pharmaceutical which rivals the world's best-selling drug Zantac, made by Glaxo, totalled SKr2.1bn if sales through licences are included.

In recent months the Wallenbergs have demonstrated their readiness to divest or consolidate their shareholdings. This has involved the sale of the Wallenberg-dominated Alfa Laval to the packaging group Tetra Pak and their controlling interest in the Skandia insurance company to Skandinaviska Enskilda Banken, affiliated to the family.

Yesterday's takeover of Saab-Scania suggests that the Wallenbergs may be on the defensive but they are by no means on the ropes. Nor should anybody underestimate the enormous power and influence that the family can still wield in Sweden.

With allies in government and private industry the Wallenbergs are capable of holding on to most of their empire against the looming threat of foreign corporate raiders over the next few years.

# Boeing trims industry forecasts

By Paul Betts, Aerospace Correspondent

BOEING, the world's largest manufacturer of commercial aircraft, has reduced by only 2 per cent its long-term forecast for jet airliners despite the recession now affecting the international airline industry.

In its latest review of the commercial aircraft market published yesterday, Boeing expects a total of 8,850 jets worth $617bn to be delivered to airlines between now and 2005 compared with 9,210 aircraft worth $630bn in its previous 15-year market forecast.

Mr John Hayhurst, Boeing vice-president of marketing, said air traffic growth would be lower than expected during the next two years but forecast it to be "back on track" by 1993.

Boeing sees a sharp fall in world air traffic growth this year to 2.9 per cent compared with the 7 per cent increase forecast last year.

World traffic is now expected to show 4 per cent growth in 1992 compared with last year's forecast of 6.4 per cent, Mr Hayhurst said.

But the following year, traffic would increase 7.6 per cent compared to last year's forecast of 6.1 per cent. Overall, Boeing expects air travel growth to average 5.2 per cent a year over the next 15 years.

Although current financial pressures on airlines have recently forced carriers to defer or cancel some new aircraft orders, Boeing expects deliveries of new aircraft to average $41bn a year during the next 15 years.

About one third of these deliveries would involve the replacement of older jets forced into retirement. Boeing expects a total of 3,500 aircraft to be retired between now and 2005.

More than 60 per cent of the new aircraft will be acquired by non-US airlines with the Asia-Pacific region showing the strongest growth.

Mr Hayhurst also said Boeing expected the commercial airline market to bounce back to levels of growth even higher than those before the latest slump caused by the Gulf crisis and the general economic slowdown.

However, the depth of the current airline crisis was underlined yesterday by Mr Bernard Attali, the chairman of Air France, who estimated that the decline in air traffic due to the Gulf war had caused losses of more than $1.3bn last month alone to the aviation industry as a whole.

Boeing sunlight after clouds, Page 22

# Daks Simpson accepts £65m Sankyo Seiko takeover offer

By John Thornhill in London

DAKS SIMPSON, the London clothing store, has accepted a £65m ($125.7m) takeover bid from Sankyo Seiko, the Japanese clothing and textiles company.

The acquisition is the latest deal in a string of trading link-ups between Japanese companies and European branded goods retailers.

Mrs Georgina Andrews, née Simpson, has agreed to sell her 51 per cent stake in Daks Simpson ending over a century of family control of the company which gave the world an upmarket fashion style and the first pair of self-supporting trousers. Following the purchase she will quit her post as non-executive director.

Like nearly all UK clothing retailers, Daks has been suffering from the downturn in trade as a result of the recession and the fall in the number of tourists visiting London.

In the year to July 31 1990, the company's pre-tax profits slid 21 per cent to £4.16m in what were described as the most difficult trading conditions for a decade.

Sankyo claims to be one of the largest clothing manufacturers and textile traders in Japan with annual sales of Y120bn ($909m). The company has been associated with Daks for more than 20 years and manufactures its clothes under licence in Japan.

Sankyo is offering Daks's shareholders £38.06p for each ordinary share held. It is also offering £5.85 for each 'A' non-voting ordinary share and 75p for each preference share. The bid is in cash although, as an alternative, shareholders can accept loan notes bearing interest at 1 per cent below the London interbank offered rate.

The existing board of directors will continue to run the company. But Mr Johnny Mengers, chairman and managing director, said the merger would allow the company to expand the business, particularly in the US. "We sold in order to expand the company in the form of a merger with our preferred partner," he said.

Daks's flagship store in Piccadilly already boasts a sushi bar but Mr Mengers thought the Japanese influence would not extend much further. "I do not foresee any changes," he said.

# Mannesmann earnings at DM505m

By David Marsh in Bonn

MANNESMANN, the German engineering group, said yesterday it had maintained group net profits for 1990 at around the 1989 figure of DM505m ($341m). However, the group warned that the business environment became "more difficult" during the year.

Mannesmann, which has a stake in Britain's TI group, said the level profits figure resulted mainly from better interest earnings, as profits from business activity fell during the year. Details on last year's profits will not be released until later in the spring.

Group turnover rose 7 per cent last year to just under DM24bn. Most of this increase – 6 per cent – was due to the incorporation of the Munich-based machinery and arms manufacturer Krauss-Maffei, in which Mannesmann acquired a majority stake in December 1989.

Without the negative effect caused by the decline of the dollar, Mannesmann said it would have raised turnover by 10 per cent last year.

Incoming orders, high in 1989, fell by 1 per cent to DM25.2bn for 1990. Without Krauss-Maffei, incoming orders would have fallen by 6 per cent.

Mannesmann said its information technology business last year showed lower profits. The company scaled down its ambitions in this sector in December when it sold a majority stake in the computer business of its Kienzle subsidiary to Digital Equipment of the US.

Overall, activity was helped last year by the buoyant economy in west Germany and in most west European countries. But Mannesmann said that weakness in North America, Brazil and eastern Europe held back bulk sales of standard products.

Krauss-Maffei, affected by large cuts in orders for its Leopard tanks, has made a big effort in recent years to increase KQ civilian business.

Mannesmann said its new subsidiary turned in significantly higher earnings compared with 1989. Its longer-standing engineering subsidiaries Demag and Rexroth, car component maker Fichtel und Sachs, and its plant construction division all turned in higher earnings. Steel tube activities registered a smaller profit, while business in Brazil suffered badly from economic policy restrictions there. Lower demand from eastern Europe and China hit orders in the tubes sector.

Mannesmann said its mobile telecommunications business had to cope with large, but planned, costs associated with building up its D-2 network.

The importance of healthy conditions abroad was underlined by the 10 per cent rise in exports of German companies in the group to DM9.5bn.

# Daimler-Benz drops idea of raising its dividend

By Andrew Fisher in Frankfurt and Guy de Jonquières in London

THE WORSENING economic outlook and the dollar's weakness has caused Daimler-Benz, the German vehicle, aerospace, and electronics group, to change its mind about increasing its dividend, despite last year's higher profits, said Mr Edzard Reuter, chief executive.

Volkswagen, the German car manufacturer, also said it planned no dividend rise.

Mr Reuter said Daimler had dropped any idea of raising the dividend, which last year was maintained at DM12.

"By last October, we thought about the possibility of an increase in the dividend for 1990," he said. "By now, we are not thinking anything of that kind."

Five months ago, Daimler was satisfied with the profits trend in 1990 and "very confident" for 1991, he added.

Last week, the group said net profits last year were above those of 1989, when they totalled DM1.7bn ($1bn at the then exchange rate), excluding the effect of accounting changes. It gave no figure for last year's profit; turnover was 6 per cent higher at DM86bn.

Edzard Reuter: very confident for 1991

Speaking yesterday for VW, Mr Dieter Ullsperger, the finance director, said net income would be slightly higher than the DM1.04bn of 1989, when the dividend was raised from DM10 to DM11. An unchanged distribution would be proposed this year.

Commenting on the worsening business outlook for Daimler, Mr Reuter expressed concern about the low dollar, the gathering world recession, the Gulf war, and the deteriorating situation in the Soviet Union.

Daimler would strengthen its efforts to cut costs, though it would not reduce investments. Daimler also planned to shed activities that no longer fitted in with its strategic goals, he added. These could include parts of AEG, its electronics subsidiary.

# Vickers issues profits warning despite 15.4% rise to £96.5m

By Andrew Bolger in London

VICKERS, the UK engineering group which makes Rolls-Royce motor cars and Challenger tanks, reported a strong performance last year but warned that trading profits for 1991 may well be lower than 1990.

While yesterday's results were at the top end of City expectations, the outlook for the company is clouded by uncertainty over sales prospects for Rolls-Royce cars – particularly in the US – and a delay by the British government in deciding whether Challenger 2 will be its new battle tank.

Vickers increased pre-tax profits 15.4 per cent to £96.5m ($187m) in the year to December 31, on turnover of £778.1m, a rise of 11.8 per cent. Earnings per share were 15.5 per cent ahead at 26.9p and a final dividend of 6.2p makes a total for the year of 9.9p, a rise of 11.2 per cent.

Sir David Plastow, chairman and chief executive, said that since September the general economic climate had continued to deteriorate, particularly following the outbreak of war in the Gulf in January.

World sales of Rolls-Royce cars, which last year contributed almost half of group operating profits, were down 40 per cent in January compared with a year ago.

Sir David said Rolls-Royce was very successful last year, particularly in light of the effect on car sales of the recession and the Gulf crisis. He added: "Its performance is especially praiseworthy given the difficulties experienced particularly in North America by other luxury carmakers."

Although armoured vehicles were responsible for only about 10 per cent of group trading profits last year, Vickers said it was disappointed that the British government had decided to delay choosing between Challenger 2 and its US, French and German rivals until the Gulf war is over.

Sir David said: "The secretary of state for defence has stated repeatedly that there is a need to ensure that 'we have a modern tank capability'. Further delay in ordering the best tank in the world can only be damaging to the future capability of our forces and the prospect of significant export opportunities."

Three recent acquisitions had performed better than expected – Cosworth, the high-performance car engine specialist which supplies Ford; Ross Catherall, which makes advanced alloys castings; and Cantieri Riva, a luxury power-boat builder.

Vickers' medical equipment division saw operating profits down from £8.9m to £6.4m, while marine engineering trading profits rose from £4.9m to £6.9m.

Sir David said Vickers had a strong balance sheet, with net cash of £12m. It was, therefore, well placed to benefit from improved trading conditions when business confidence returned.

Lex, Page 16

# Next says it incurred an annual loss of £40m

By John Thornhill in London and Andrew Hill in Brussels

NEXT, the struggling fashion retailer, yesterday estimated that it had incurred a pre-tax loss of about £40m ($80m) in the year to January 31 and warned shareholders that its future financial stability would be at risk if it did not succeed in disposing of Grattan, its mail order subsidiary.

The pre-tax losses include a provision of £33m made against the investment in its Club 24 credit card business, which it intends to wind down. After taking account of a series of extraordinary items total losses for the year are expected to amount to £222m.

This forecast came in a circular the company released yesterday detailing the proposed disposal of Grattan to the German group Otto Versand for £140m.

Next said the sale of Grattan was the most appropriate way to raise funds given the group's potential liability of £163m arising from its outstanding convertible bonds due for repayment next year.

The board also revealed that since its agreement with Otto Versand it had received a "further indication of serious interest" for Grattan from another party, widely believed to be Sears, the UK retailing group which owns the Freemans mail order business.

Next added, however, that it had been unable to assess this approach because it did not contain firm proposals about price or terms.

The circular revealed that Next's revised borrowing facilities were subject to stringent covenants including limitations on net gearing and capital expenditure.

● Next's proposal to sell Grattan has automatically triggered the first stage of the European Commission's merger control process.

The Commission's merger control task force was notified about the deal because combined world turnover of the two companies exceeds the Ecu5bn ($3.6bn) threshold for initial investigation.

# Astra surges 36% to SKr2.5bn

By Robert Taylor in Stockholm

ASTRA, Sweden's largest pharmaceutical company, yesterday announced a 36 per cent growth in profits (before financial items) for last year with a rise to SKr2.507bn (US$449m) from SKr1.846bn. Sales rose by 26 per cent over the same period to SKr9.420bn from SKr7.457bn.

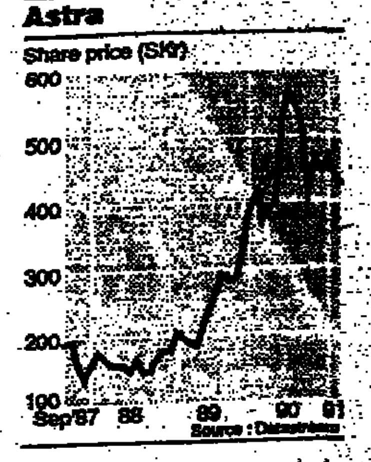
The profit per share increased by 44 per cent to SKr15.85 from SKr11.00 for the previous year. The board has recommended a 30 per cent improvement in Astra's dividend to SKr3.25 a share compared with SKr2.50 in the previous year and it has also told the stock market of the provision of one new share for three of the old, which will mean an increase in share capital to SKr1.505bn.

Astra's liquidity improved last year to SKr4.728bn from SKr3.784bn in 1989. In its financial forecast for 1991 it said it expected a further rise in profits (before financial items) of 25 per cent.

The main reason for the company's strong performance in 1990 was the sharp increase in the sales of Losec, the company's highly successful anti-peptic ulcer drug which rose to SKr1.470bn from SKr380m in 1989 to make it Astra's largest product on the market. The company estimates that when Losec sales through licence are also included they totalled around SKr2.1bn last year.

Astra suffered a setback with Losec last month in the US when the US Food and Drug Administration said it was not able to approve the drug for first-line treatment of all ulcers. However, only a few weeks earlier it made a breakthrough in the all-important Japanese market.

The company also reported satisfactory sales increases for a number of its other new drugs. The sales growth for the anti-asthma Bircanyl Turbuhaler and Pulmicort Turbuhaler was 59 per cent to SKr810m compared with SKr510m in 1989 while sales of Plendil, its cardiovascular drug, more than doubled.




# Wagons-Lits spells out split

By William Dawkins in Paris

WAGONS-LITS, the Franco-Belgian tourism group, yesterday announced the details of its partial divorce from Sodexho, the French catering concern, which had unsuccessfully tried to form a catering partnership with it.

Wagons-Lits group also revealed that it had accepted a buy-out from the staff of the French arm of Eurest, a catering subsidiary. Wagons-Lits will continue to act as Eurest's industrial partner, while Sodexho would be a purely financial investor in the French catering business, it said.

Wagons-Lits is not publishing the buy-out price, but says it will produce a big enough capital profit this year to avoid a fall in the group's gross profits.

Sodexho revealed last October that it wanted to pull out of Wagons-Lits, in which it had built a 20.3 per cent stake, because it had failed to achieve a joint venture with Eurest. Since then, the two sides have been working out how to unwind a tangle of cross-shareholdings in each other.

Sodexho is to buy back the 30 per cent stake which Wagons-Lits held in its holding company. It will also sell 15.2 per cent of its 20.3 per cent stake in the Franco-Belgian group, leaving Sodexho with 5.1 per cent in Wagons-Lits. Half of the shares being sold by Sodexho will go to a Wagons-Lits subsidiary, while the rest are to be bought by a holding company set up for the purpose by loyal Wagons-Lits shareholders.

Sodexho's departure was made inevitable last June when Belgium's Groupe Bruxelles-Lambert sold a 26.75 per cent stake in Wagons-Lits to Société Générale de Belgique, the industrial holding conglomerate.

Société Générale is loyal to two other shareholders, Accor, the French hotel group and Caisse des Depots, the French state financial institution.

# Warm winter forces Renown down

RENOWN, Japan's largest apparel maker which last year acquired Aquascutum, the upmarket UK clothing group, yesterday posted a 42.4 per cent fall in unconsolidated pre-tax profits for 1990 to Y6.31bn (US$47.7m) from Y10.96bn a year earlier, AP reports from Tokyo.

Net income tumbled 48.4 per cent to Y3.12bn, or Y11.44 a share, from Y6.035bn or Y23.06 a share. Sales edged up 0.3 per cent to Y231.765bn from Y231.153bn.

The company blamed the unusually warm winter late last year for dragging down sales of winter clothes. It also noted that many clothing companies suffered from the shifting consumer tastes for fine clothing, which helped some companies while passing others by.

Operating profits for the year plunged 83.7 per cent to Y410m from Y2.52bn, while higher domestic interest rates, together with last year's decline in Tokyo stock prices, battered the company's non-operational earnings.

Sales of women's ready-made wear, accounting for 25.7 per cent of overall sales, were up 3.5 per cent to Y59.66bn from Y57.62bn a year earlier.

Sales of men's outerwear, making up 21.7 per cent of total sales, rose 2.4 per cent to Y50.34bn from Y49.18bn last year, while those of women's outerwear slipped 2.8 per cent to Y45.57bn from Y46.87bn.

Renown plans to keep its full-year dividend unchanged at Y14.50.

It said positive results from the takeover of Aquascutum would begin in 1992. That year, Renown plans to launch a range of Aquascutum autumn and winter clothing.

For the current year, Renown predicts unconsolidated sales of Y237.5bn. Pre-tax profits are expected to be about Y7bn with net income at Y4bn.

# Strong rise in lending lifts earnings at Rabobank

By Ronald van de Krol in Amsterdam

RABOBANK, the Dutch co-operative bank, posted a 8.1 per cent rise in 1990 net profit to Fl 971m ($578m), due partly to a strong increase in lending and its recent acquisition of Interpolis, a Dutch insurer.

Total loans outstanding to the private sector were up 10.8 per cent at Fl 128.1bn, with lending to businesses and the agricultural community both hitting new highs.

Overall, Rabo's balance sheet total exceeded the Fl 200bn mark for the first time, rising by 17 per cent to Fl 201.9bn.

The acquisition of Interpolis in June helped boost income but it also contributed to a rise in costs. Total income expanded by 12.4 per cent to Fl 5.87bn, while costs increased by 14.8 per cent to Fl 3.85bn. If it had not been for the insurance acquisition, income would have risen by 8.3 per cent and costs by 10.6 per cent.

Rabobank attributed the strong rise in costs mainly to a 10 per cent expansion of its workforce to 37,850. For 1991, it predicted a slight flattening in income growth because of an expected downturn in economic expansion. Although costs will probably remain high, there should be room for a further increase in results.

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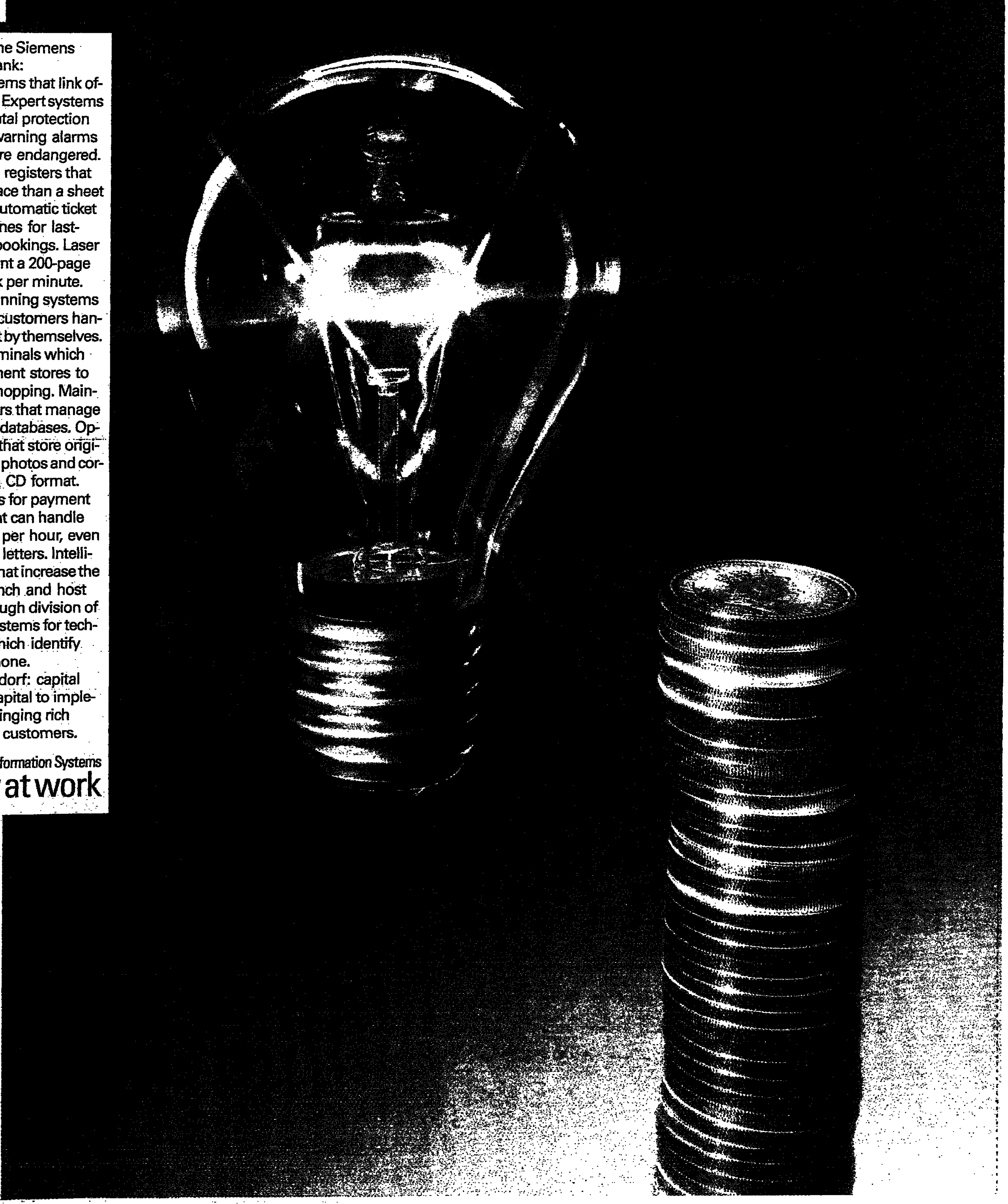
**Synergy at work**



# INTERNATIONAL COMPANIES AND FINANCE

## Saudi prince's Citicorp stake to stay under 10%

By Patrick Harverson in New York

THE SAUDI prince who invested $590m in the convertible stock of Citicorp last week has pledged to restrict his stake in the US banking group to under 10 per cent.

Prince Alwaleed bin Talal has assured the Federal Reserve, the US central bank, that he will sell the 4.9 per cent share of common stock in Citicorp that he built up at the end of last year.

That would leave him with the 9.9 per cent stake acquired on Thursday, when he bought Citicorp preferred convertible stock worth 36.8m ordinary shares.

The prince is likely to make a substantial profit on the sale of stock, as long as Citicorp's share price does not fall too far from its current level of $15½. He is estimated to have built up his initial holding of 4.9 per cent for between $11 and $13 a share.

In a separate development, Citicorp officials confirmed the group was considering selling 80 per cent of Ambac Indemnity, its municipal bond insurance subsidiary, as part of the recapitalisation programme.

Citicorp is waiting for stock market conditions to improve before selling 40 per cent of its subsidiary to the public through the flotation of $400m worth of Ambac stock. Another 40 per cent would probably be sold via private placements to institutional investors, and the remaining 20 per cent would stay in Citicorp's hands.

The sale of Ambac, one of the group's profitable operations, would free Citicorp from its obligation to allocate more capital to the subsidiary under Fed regulations governing risk-based capital.

Industry analysts estimate the disposal of Ambac would release about $1.5bn in capital currently allocated to the operation.

Citicorp has been forced into issuing new equity and asset sales by the weight of bad domestic commercial loans which have weakened the group's capital position. Mr John Reed, chairman, has said he wants to raise $4bn to $5bn in new capital over the next two years to put the group on a sounder financial footing.

## RH Macy trims loss for quarter to $7.3m

By Karen Zagor in New York

R. H. MACY, the highly-leveraged US department store group, has narrowed its underlying second-quarter loss to $7.3m, excluding extraordinary items, from a net loss of $39m a year earlier.

During the latest quarter, the company had a one-time gain of $85.3m due to the retirement of debt at a discount. This lifted Macy's net income to $78m in the quarter.

The company, which took on an unwieldy amount of debt when it went private in a management-led $3.6bn leveraged buy-out in 1986, earlier reported a 21 per cent rise in second-quarter earnings before interest, taxes and depreciation to $254m. Sales fell 9.4 per cent to about $2.21bn.

Macy said yesterday it had taken another step towards selling its credit card operations to GE Capital.

The companies have signed a summary of the principal business and financial terms for the sale. Macy's board approved the transaction yesterday.

## Weston hit by weakness in some units

LOWER resource and food processing results pulled down George Weston of Canada's earnings by 33 per cent last year despite a good showing by Loblaw, its retail food distributor, *writes Robert Gibbens in Montreal*

Weston, holding company for most of the Weston family's North American interests, reported net profit of C$125m (US$108.7m), or C$2.52 a share, down from C$187m, or C$3.81, in 1989. Sales rose 4 per cent to almost C$11bn. Resource income, mainly from forest products, dipped 45 per cent.

Despite the recession, Loblaw posted a 37 per cent gain in profits. It is Canada's largest food distributor.

Earnings were C$96m, or C$1.10 a share, in 1990, against C$70.2m, or 80 cents, in 1989. Sales rose 6 per cent to C$8.4bn. Fourth-quarter profit rose 25 per cent to C$28.6m.

## Stanley signs Polish joint venture deal

By Andrew Baxter

STANLEY WORKS, the Connecticut-based hand tools manufacturer, has joined the small group of US companies to have announced manufacturing initiatives in eastern Europe. Stanley has reached agreement on establishing a joint venture company near Krakow, in Poland.

The deal is Stanley's first in eastern Europe, and is a significant element in its strategy to identify new business opportunities for the 1990s as some of its traditional western markets reach maturity.

The need to exploit new markets was highlighted by Stanley's 1990 results released last month. They showed a fall in earnings per share from $117.7m to $106.6m on flat sales of $1.97bn.

Mr Richard Ayers, chairman and chief executive, said: "During the year, we experienced declining, and then recessionary market conditions in Australia, the UK, Canada and the US."

Stanley has agreed with the Polish government to take 51 per cent of Stanley Tools Poland, with the balance held by Fabryka Narzedzi Kuznia, a Polish hand tools manufacturer, and its trading company Inter-Vis.

The new company will take over Kuznia's hand tools manufacturing capacity, and make further investments in new equipment and manufacturing facilities later. From next year it will manufacture Stanley-branded pliers and pincers for sale throughout Europe.

Although these products are already manufactured in Europe for Stanley by an outside supplier, the deal allows Stanley to manufacture them itself cheaply.

## Molson buys DuBois

MOLSON of Canada is to buy Cincinnati-based DuBois Chemicals from Chemed Corp for US$243m, Reuters reports. The Canadian brewing and chemicals group will pay about $211.5m at closing of the deal and the balance over the next five years. Molson said the purchase would strengthen the competitive position of Diversey Corp, its wholly owned cleaning and sanitising business.

Annual sales for the combined company, are estimated to be more than C$1.2bn.

## Streamlined Aker widens horizons

**Karen Fossli** speaks to the new president of the Norwegian company

Aker, one of Norway's top industrial companies, will today unveil results reflecting an extensive restructuring. The company is poised to build on these changes with acquisitions in the UK and US.

During the the next few years Mr Tom Ruud, Aker's new president and chief executive, intends to build on the company's new two-tier structure – comprising oil and gas technology and cement operations – through acquisitions.

Aker has forecast 1990 pretax profits of NKr600m ($102.6m) and sales exceeding NKr13bn, compared with NKr570m and NKr14.7bn respectively in 1989.

Last year it improved its operating profits, net result, and earnings per share despite a contraction in sales reflecting its consolidation and restructuring. The figures for 1990 will also show a large item of extraordinary income, following a significant increase in Aker's equity base.

Unlike his two predecessors, Mr Ruud has an extensive background in both Aker's business activities.

Mr Gerhard Heiberg, now Aker's board chairman, was a "hands-on" media-oriented man, mostly involved in the cement side of the business. Mr Karl Glad, who left Aker to become the head of the Norwegian Confederation of Business and Industry, had years of experience in offshore contracting operations.

They have left Mr Ruud a streamlined organisation likely to be "beefed up" by acquisitions in the UK and the US.

Tom Ruud: "we would lose market share if we merged"

Mr Ruud, however, is not satisfied with Aker's general profit potential. "The priority in the past two years has been on getting the structure of Aker right. Now that has been achieved, we can concentrate on boosting profitability while adding to our operational base," he said.

"We have earlier demonstrated our capability to perform large transactions – in the range of NKr8bn – and I have no doubt we can continue to undertake such big moves."

Aker is assessing its oil and gas technology operations. The company – through Norwegian Contractors – has built more than 50 per cent of the mammoth offshore concrete production platforms in the Norwegian North Sea and a few in the UK North Sea.

However, today it builds more streamlined production facilities, such as concrete floating production units, which are a viable investment even if oil prices fall to $10 a barrel.

Because of its strong relationship with the Norwegian subsidiaries of big international oil companies, Mr Ruud sees no problems in selling this technology in other areas of the world.

However, he does not see any benefit in merging with Kvaerner, Aker's main competitor in the offshore oil and gas technology side of the business. Aker was approached by Kvaerner to consider the possible benefits of a merger.

"By merging there would be little market competition, which I think is unhealthy," he said "We would lose market share if we merged, and focus would have, over a number of years, to be on sorting out the merger rather than gaining market share internationally."

However, Mr Ruud is disappointed with the apparent protectionist stance of the UK oil and gas sector. He believes the only way to overcome this obstacle may be to acquire a UK company.

Mr Ruud's strategy for this side of the business is clear; it will be established in the UK and the US in two years, when the growth in Aker's turnover will come from the oil and gas technology side. "We have the resources – we justhave to identify the missing links."

On the cement side, Mr Ruud has warned that 1990 figures will reflect a downturn in activity in its main markets – the UK, US and Norway.

No significant moves are expected by Aker in this sector in the near future. "We will continue to develop production capacity at a rate which can satisfy demand," said Mr Ruud. He said the company was improving its European terminal network.

Although Mr Ruud suggests that this year and next will be characterised by a consolidation, he does not rule out acquisitions.

"If I could find a good cement business at a cheap price that would fit into our network I would commit resources, even if there are temporary earnings problems," he says.

### RISES AND FALLS FRIDAY

| | On Friday Rises | Falls | Same | On the week Rises | Falls | Same |
|---|---|---|---|---|---|---|
| British Funds | 0 | 74 | 12 | 169 | 190 | 71 |
| Corps, Dom. & Foreign Bonds | 1 | 5 | 15 | 16 | 16 | 73 |
| Industrials | 493 | 213 | 848 | 2,309 | 1,030 | 4,439 |
| Financial and Props | 210 | 92 | 447 | 1,169 | 521 | 2,063 |
| Oils | 23 | 19 | 50 | 114 | 89 | 257 |
| Plantations | 0 | 0 | 10 | 10 | 5 | 35 |
| Mines | 24 | 45 | 95 | 142 | 174 | 508 |
| Others | 35 | 74 | 37 | 249 | 227 | 244 |
| Totals | 786 | 522 | 1,514 | 4,178 | 2,252 | 7,690 |



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 26.02.91 Pool purchase price £/MWh | Final Prices for Trading on 28.01.91 Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 15.61 | 13.38 | 13.38 |
| 0100 | 19.75 | 13.54 | 13.54 |
| 0130 | 26.56 | 25.00 | 26.60 |
| 0200 | 26.56 | 25.00 | 26.60 |
| 0230 | 26.56 | 16.30 | 17.69 |
| 0300 | 20.24 | 16.20 | 17.69 |
| 0330 | 16.47 | 13.61 | 13.61 |
| 0400 | 15.61 | 13.48 | 13.48 |
| 0430 | 15.16 | 13.40 | 13.40 |
| 0500 | 15.13 | 13.37 | 13.37 |
| 0530 | 15.24 | 13.39 | 13.39 |
| 0600 | 15.13 | 13.39 | 13.39 |
| 0630 | 15.24 | 13.40 | 13.40 |
| 0700 | 19.22 | 17.30 | 18.74 |
| 0730 | 19.89 | 19.74 | 21.26 |
| 0800 | 19.89 | 25.66 | 27.32 |
| 0830 | 21.15 | 25.65 | 27.29 |
| 0900 | 21.15 | 25.66 | 27.29 |
| 0930 | 24.27 | 25.65 | 27.29 |
| 1000 | 24.27 | 25.66 | 27.28 |
| 1030 | 22.09 | 25.68 | 27.28 |
| 1100 | 20.34 | 25.68 | 27.27 |
| 1130 | 21.49 | 24.74 | 26.33 |
| 1200 | 24.23 | 25.66 | 27.27 |
| 1230 | 24.23 | 25.68 | 27.29 |
| 1300 | 24.23 | 25.66 | 27.28 |
| 1330 | 21.81 | 25.66 | 27.27 |
| 1400 | 21.74 | 19.40 | 19.40 |
| 1430 | 21.04 | 17.36 | 17.36 |
| 1500 | 21.04 | 15.96 | 15.96 |
| 1530 | 21.04 | 15.89 | 15.89 |
| 1600 | 21.04 | 20.60 | 22.12 |
| 1630 | 24.49 | 24.78 | 26.36 |
| 1700 | 24.49 | 36.59 | 38.45 |
| 1730 | 24.49 | 36.68 | 38.45 |
| 1800 | 24.49 | 36.85 | 38.40 |
| 1830 | 24.49 | 36.19 | 37.90 |
| 1900 | 24.49 | 27.76 | 29.32 |
| 1930 | 24.49 | 26.40 | 27.86 |
| 2000 | 24.49 | 25.86 | 27.47 |
| 2030 | 21.59 | 24.74 | 26.34 |
| 2100 | 20.34 | 20.60 | 22.10 |
| 2130 | 20.34 | 19.64 | 21.02 |
| 2200 | 20.34 | 19.43 | 20.81 |
| 2230 | 16.47 | 17.36 | 18.77 |
| 2300 | 16.23 | 13.46 | 13.46 |
| 2330 | 15.16 | 13.29 | 13.29 |
| 2400 | 15.16 | 13.22 | 13.22 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

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To start with, there's her financial protection.

Then there'll be her education, the higher the better. And her own bank savings accounts. As she starts work, she'll need to finance and insure her car. There'll be mortgages and property insurance; life assurance and medical insurance; provision for her retirement and for her own family. And these days, if Victoria goes into business on her own…

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It's also planned to help us support our corporate clients and position us to take advantage of the single European market and wider international opportunities.

The new financial group will be Holland's largest.

It will be a partnership of equals; the better to serve our customers, our shareholders, intermediaries and employees. And, of course, Victoria.

Internationale Nederlanden *Group*

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## INTERNATIONAL COMPANIES AND FINANCE

# Boeing sees sunlight after clouds

### Seattle is optimistic about the world's civil jet needs, writes **Paul Betts**

The Gulf war and the deepening recession have plunged the airline industry into its worst slump for 40 years. But Boeing, the world's largest manufacturer of commercial airliners, remains confident that longer-term growth will continue to be vigorous in the civil jet market.

During the next 15 years, 8,850 new aircraft worth $617bn will be delivered to airlines, the Seattle-based manufacturer forecasts in its annual review of the world aircraft market published yesterday. Although this is 360 fewer aircraft and $13bn less than in last year's Boeing forecast – regarded by many as the industry's "bible" – it is still an extremely bullish outlook.

Mr Keith Hodgkinson, aerospace analyst at the Shearson Lehman securities firm, said: "They are looking over the valley at the sunlight on top of the mountains. But there is still an awful lot of dark cloud down there in the valley".

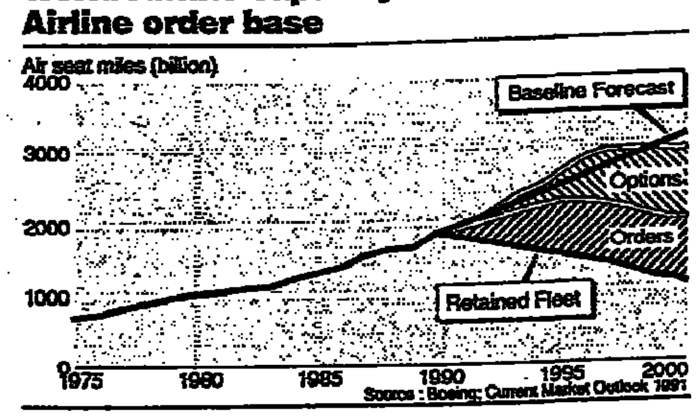
The three main aircraft manufacturers – Boeing, McDonnell Douglas and Airbus – have all been receiving requests to defer delivery and cancel or drop options from financially strapped airlines during the last few weeks. Air travel has declined dramatically since the outbreak of war in the Gulf. After a five-year boom in aircraft orders, airlines are now facing severe short-term overcapacity problems.

Since 1982, air travel growth has averaged 7.2 per cent a year, according to Boeing. New aircraft orders reached a peak of $96bn in 1989. A further $81bn worth of new jets were ordered last year with Boeing alone winning a record $51bn. At the end of last year, a total of about 3,750 jets were on order.

But airlines are now forecasting 3 to 4 per cent air travel growth at best this year. Some analysts believe growth this year could be as low as 1 per cent. In contrast, new aircraft deliveries are expected to increase capacity in the world airline industry this year by about 7 per cent, even allowing for the retirement of a large number of older jets.

Boeing recognises that the aviation industry is under intense pressure because of the combined effects of volatile fuel prices and declining traffic due to the Gulf war and the economic downturn. "But historically, whenever the market has experienced a short-term disruption, it has always bounced back to levels of growth even higher than those before the disruption," said Mr John Hayhurst, Boeing's vice president of marketing, yesterday.

**World Airline capacity forecast versus Airline order base**



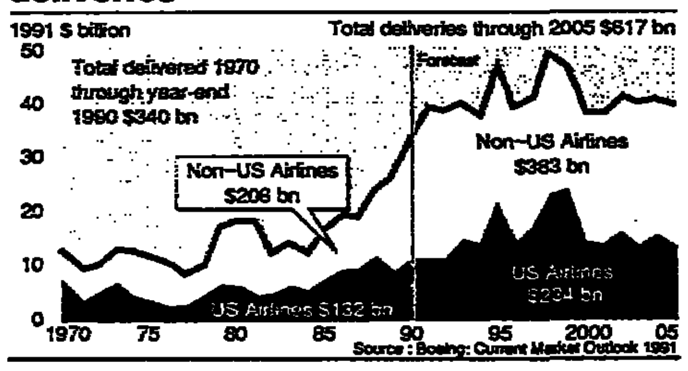

Despite the uncertainties and immediate pressures, Boeing expects air travel growth to average 5.2 per cent a year during the next 15 years. A total of $423bn worth of new aircraft will be required by airlines to meet this growth. Should travel growth shrink to 4.5 per cent or even 3.5 per cent, Mr Richard Albrecht, Boeing's executive vice president, said new aircraft demand could fall to $330bn or as low as $237bn in the case of 3.5 per cent growth.

But this does not include the large demand for replacement aircraft which is expected to remain firm whatever the depth of the present crisis. Boeing is forecasting between 3,300 and 6,500 aircraft will be retired between now and 2005. Following the surge of the 1960s in jet deliveries, Boeing expects retirements of old aircraft to average 350 a year between now and 1995. After that, retirements will be lower averaging 270 jets a year because fewer aircraft were delivered during the recessionary periods of the 1970s.

Deliveries of new aircraft are expected to peak at around 855 jets worth more than $50bn this year compared with 664 jet deliveries worth about $40bn last year. But Boeing is still forecasting deliveries averaging about 600 aircraft worth $41bn a year during the next 15 years compared with the $16bn a year historical average for the 1970-90 period. Short- to medium-range aircraft are expected to make up the majority of new deliveries up to 1995 with larger aircraft predominating after that.

Boeing's long-term confidence in the aircraft market is shared by other manufacturers and industry analysts. Although Mr Adam Brown, the Airbus planning director, says new orders will tumble from more than 1,000 jets a year during the last three years to 100-200 a year between 1993 and 1995, he expects, like Boeing, to see total deliveries staying stable at 600-700 jets a year. Airbus expects orders to pick up in 1995, reaching a peak of 800 jets a year in 1998 and 1999 before dipping.

**World annual commercial airplane deliveries**




There is, however, a marked difference of emphasis between the manufacturers and the financial community on the aviation industry's bleak shorter-term outlook.

While manufacturers have traditionally adopted a long view because of the long lead times of aerospace programmes, the City of London and Wall Street have been more preoccupied by the near term.

"Manufacturers have tended to adopt a more up-beat approach because they are clearly anxious to stop their customers panicking and cancelling or deferring orders," said a senior executive of a large European airline, warning that the industry had now entered a period of severe dislocation which would force the pace of consolidation.

Financial analysts also doubt that the recovery in air traffic will be as sharp as in previous cyclical upturns. "With concerns over terrorism likely to persist long after the [Gulf] war and a still very difficult economic situation, there is nothing automatic nor inevitable about a near-term return to traffic growth," argues Mr Chris Tarry of Kleinwort Benson Securities.

Moreover, aerospace is a late-cycle business feeling the impact of recession and recovery several months after other sectors. The industry suffered badly towards the end of the 1979-83 worldwide recession. But, as Mr Hodgkinson of Shearson Lehman Brothers says, the industry was fortunate that the military business remained strong throughout the last recessionary cycle. This time, the short-term outlook for both civil and military aerospace has deteriorated.

Boeing remains convinced that the air travel market will once again expand vigorously when peace is restored in the Middle East and the present economic slowdown is reversed. "The underlying strength of the international economy is crucial to our market, and the world is in much better shape than it was during the previous two energy crises," said Mr Hayhurst, Boeing's head of marketing.

But this longer-term optimism is likely to be of little consolation for the occupants of the thousands of jobs which have been cut in the industry because of the recession and the Gulf war.

# Asahi Glass declines by 25%

**By Robert Thomson in Tokyo**

ASAHI Glass, the leading Japanese glass manufacturer, yesterday reported a 25 per cent fall in pre-tax profit to Y63.6bn ($489m) in the year to the end of December, as higher fuel and materials costs outweighed a 10 per cent increase in sales.

Sales for the year totalled Y1,016bn, with sales in the glass and construction materials division rising 12.4 per cent to Y530.2bn, marked by strong sales of high-performance construction glass linked to a domestic building boom.

Sales of chemical products rose 3.8 per cent to Y364.2bn, with expansion in demand for urethane chemicals and soda products, and slacker demand for plant and technology exports in this sector.

Ceramic product sales increased by 14.5 per cent to Y32.49bn, while electronics sales rose 46.7 per cent to Y52.6bn, with sharply increased sales of magnetic disks, integrated circuits and optical fibres.

Consolidated pre-tax profit fell 24.7 per cent to Y78.48bn, despite a sales increase of 12.9 per cent to Y1,233bn. Apart from higher materials costs, the company said the fall was due to increased spending on research and development, and higher depreciation charges.

The company said the coming year holds "many uncertainties", but plans to broaden its technological base to increase sales of high value-added products, to restructure production and marketing systems for increased flexibility, and to expand overseas operations.

Non-consolidated sales for the year are targeted at Y1,100bn, an 8 per cent increase, and the company expects a 21 per cent increase to Y77bn in pre-tax profit.

# Airlines in share swap

SINGAPORE Airlines and Swissair, the Swiss national carrier, have signed agreements for a share-swap plan as part of their previously-announced global alliance, Reuter reports from Singapore.

Under the agreements, SIA will buy 64,000 Swissair shares and Swissair will buy 4m new SIA Foreign shares.

The swap will give SIA a 2.77 per cent stake in Swissair and Swissair a 0.62 per cent stake in SIA's enlarged capital. The price of both SIA and Swissair shares will be the average price at the close of the first 10 trading days of June this year, with a 10 per cent premium.

The deal was part of an alliance between SIA, Swissair and Delta Air Lines of the US formed last year.

# Samancor hurt by oversupply

**By Philip Gawith in Johannesburg**

SAMANCOR, the world's largest integrated manganese, chrome ore and ferrochrome producer, saw both turnover and profits drop substantially in the six months to the end of December, due to oversupply in its main markets.

Turnover dropped 13 per cent to R871.3m ($343m) and attributable profits were R182m, 44 per cent down on the same period in 1989. Samancor's local competitors have also been hard hit by the adverse market conditions.

The chrome division was worst hit, with profits from ore and alloys 87 per cent down. Mr Hans Smith, managing director, said the ferrochrome side, which achieved record profits in 1988 and 1989, was breaking even "at best". It incurred losses in the last two months of the half year. He blamed this on price cutting by domestic competitors, saying any South African producer which sold below 55 cents/lb was "not very responsible".

The ferrochrome price has slipped from 89 cents/lb in September 1989, to less than 50 cents. Mr Smith said Samancor's efforts to lift the price have been repeatedly undercut by local competitors. He added, though, that the group would not give up market share easily and was in "good trim", having made use of the slower demand to refurbish its plant. "If they really want a price war, we'll join the party." He said current difficulties would assist in turning around prices, forecasting 55 cents/lb sooner rather than later.

Profits in the manganese division were 22 per cent down on the record 1989 levels. Ore prices remained firm, after two years of 50 per cent price increases, but volumes were lower. Alloys sales fell in response to low prices stemming from oversupply.

Regarding the proposed Columbus stainless steel venture, Mr Fred Boshoff, the executive responsible, said he needed clarity from the government about incentives to be available in the project's early years. He was optimistic about the outlook saying the government had a "great urge to get this project established".

Mr Smith said profits were expected to be substantially lower in the second half. The ordinary interim dividend was maintained at 40 cents per share.

The extraordinary dividend of the past two years has been discontinued.

# Qantas may cut 2,000 more jobs

QANTAS Airways, the Australian state-owned flag carrier, may cut a further 2,000 jobs following the rise in fuel bills since the Gulf war, Reuter reports from Sydney.

Qantas faces a fuel bill of A$773m (US$613m) in the current financial year, up 70 per cent on a pre-war estimate.

"Aviation fuel prices have not come down, they have remained high because of the massive amount of aviation fuel being used in the Gulf," it said. In November it said it would cut 500 jobs by the end of February and further cuts were inevitable as part of a restructuring.

# Aluminium producer's earnings fall 43%

**By Bruce Jacques in Sydney**

COMALCO, the Melbourne-based integrated aluminium producer, has been hit by lower prices in 1990, with net earnings tumbling nearly 43 per cent.

Profit fell from A$310m (US$246m) to A$177.6m, and Mr Tom Barlow, chief executive, has forecast a lower result in 1991.

But he indicated the company was still looking to expand, despite a poor outlook for its production.

Mr Barlow announced a joint venture study, with Alcan Australia, industry colleague, into a new alumina refinery at Weipa, in northern Queensland. The study, involving a site close to Comalco's existing bauxite and alumina complex, should be complete late this year.

Mr Barlow said the 1991 outlook was uncertain because of the Gulf war and recession. "The eventual effect of these two factors on the world economy, and thus on aluminium demand and prices, is yet to be determined," he said.

"Export sales of Australian bauxite are expected to ease as additional production from competitive sources is commissioned. Although alumina prices are expected to weaken further in the short term as new capacity comes on stream, the medium-term projection is for strengthening alumina markets in the mid 1990's."

Mr Barlow said an increasing disparity between production and consumption last year suggested difficult primary metal markets. "Overall, the outlook is for a continued slowing of the world economy," he said.

"The German economy is still buoyant, but there are signs of sluggishness in other European economies and of slower growth in Japan. The first quarter of 1991 saw the recession in English-speaking countries deepen and it appears that, for some, recovery will be at the earliest in the second half of the year."

Comalco has slashed the annual dividend from 30 to 18 cents a share on the result, reducing payout from $168.2m to $100.9m. Sales eased from $2.3bn to $2.1bn.

Interest expense eased from $64.5m to $48.2m but depreciation provision rose from $118m to $126.1m. Tax fell from $167.4m to $118m.

The earnings dip almost halved Comalco's return on shareholders' funds to 13 per cent and directors said internal funding requirements had forced a lift in debt from 22 to 25 per cent of capital employed.

The company is majority-controlled by CRA, the Australian mining group.

## INTERNATIONAL CAPITAL MARKETS

# Treasuries edge lower as Gulf war subdues trading

By **Patrick Harverson** in New York and **Stephen Fidler** in London

US BOND prices edged lower yesterday morning as dealers marked prices down in an attempt to breathe life into a market subdued by the unfolding ground war in the Gulf.

At midday the benchmark 30-year Treasury issue was down ⅛ at 97¾, to yield 8.069 per cent. The short end was also weaker, with the two-year government note down 1/16 at 99 15/32, yielding 6.958 per cent.

Dealers reported that activity was very light, with investors awaiting a clearer picture from the Gulf battlefields. There was also a reluctance to get involved ahead of today's durable goods orders report and, more importantly, the release of the latest consumer confidence data.

Mr Alan Greenspan, the chairman of the Federal Reserve, singled out consumer confidence at his Congressional testimony last week as a key indicator of economic well-being. The market hopes another weak measure of consumer confidence will persuade the Fed that interest rates should be cut again.

The Fed arranged four-day system repurchase agreements in a fresh attempt to push the rate banks charge each other for loans down towards its target of 6¼ per cent. The intervention had no initial impact, however, and Fed funds remained stuck at 6 5/16 per cent.

■ Early euphoria in European bond markets following the apparent rapid advance of the US-led coalition into Kuwait faded by the afternoon and many of the bond markets gave up their early gains.

In Britain, where rail disorder in London led to a slow start to trading, the cause of the market slippage was two-fold. The Bank of England disappointed some expectations by not encouraging a drop in bank base rates, now standing at 13½ per cent. Then UK figures, showing a widening of the current account deficit for January, suggested to some forecasters a further delay in an interest rate cut.

The current account deficit in January widened to £1.23bn, compared with general expectations of around £800m. The market, which had been up by around ¼ point in early trading, slipped off to finish around ⅛ point down on the day.

After opening firmer, the German market closed on the day's weakest levels, little changed from Friday's close. Dealers said expectations that the German government will announce tax increases this week offered some support to the market, since it implies somewhat less of the cost of German unification will be financed through the bond markets.

This may, in the view of some market optimists, leave scope for interest rate cuts. But government statements suggested it needed DM20bn in extra revenues this year, and around DM30bn after that.

On the London International Financial Futures Exchange, a modest 27,500 lots changed hands. The active March contract ended around 85.64, close to the day's low of 85.61, and compared with the morning high of 85.98.

In Paris, the French market gained about a quarter of a point in early trading, but unlike its German counterpart, did not give the gains back in fairly quiet afternoon trading.

## GOVERNMENT BONDS

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 08/92 | 103-26 | -02/32 | 10.79 | 10.78 | 11.38 |
| | | 9.000 | 03/00 | 94-10 | -08/32 | 9.87 | 9.88 | 10.22 |
| | | 9.000 | 10/08 | 93-27 | -07/32 | 9.73 | 9.64 | 9.95 |
| US TREASURY * | | 7.750 | 02/01 | 98-30 | -01/32 | 7.91 | 7.76 | 8.01 |
| | | 7.875 | 02/21 | 97-26 | +01/32 | 8.06 | 7.95 | 8.19 |
| JAPAN | No 119 | 4.800 | 06/99 | 89.9097 | +0.074 | 6.68 | 6.59 | 6.79 |
| | No 129 | 6.400 | 03/00 | 100.4612 | +0.116 | 6.32 | 6.26 | 6.54 |
| GERMANY | | 9.000 | 01/01 | 104.6700 | +0.140 | 8.29 | 8.20 | 8.73 |
| FRANCE | BTAN | 9.000 | 02/96 | 99.0770 | +0.152 | 9.23 | 9.21 | 9.87 |
| | OAT | 9.500 | 01/01 | 103.3400 | +0.190 | 8.97 | 8.97 | 9.53 |
| CANADA * | | 10.500 | 03/01 | 105.6000 | -0.050 | 9.63 | 9.44 | 9.92 |
| NETHERLANDS | | 9.250 | 11/00 | 104.3900 | +0.030 | 8.56 | 8.48 | 9.00 |
| AUSTRALIA | | 13.000 | 07/00 | 108.8034 | -0.213 | 11.44 | 11.38 | 11.63 |
| BELGIUM | | 10.000 | 08/00 | 104.8500 | +0.200 | 9.20 | 8.87 | 9.47 |

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

# Hanson sets $2.5bn CP programme

By **Stephen Fidler**, Euromarkets Correspondent

HANSON, the acquisitive UK conglomerate, said yesterday that it would try to lower the cost of its borrowing in the US by establishing a $2.5bn commercial paper programme.

The company is expected to start issuing paper under the programme shortly.

The programme will be used as an alternative to current sources of finance and is not expected to increase the company's overall debt, Hanson said.

The programme will carry the highest short-term ratings from the two main US rating agencies – an A1+ rating from Standard and Poor's and P-1 from Moody's Investors Service – a factor which will help to lower the cost of the borrowings.

Merrill Lynch and Lehman Brothers have been appointed dealers on the programme.

In Hanson's last reported figures for September 30, it had bank borrowings in the US of $5.4bn, although it also held a substantial cash position.

This suggests that if US commercial paper rates remain favourable the programme could be extensively used, Hanson officials said.

● **Flughafen Frankfurt/Main** has established a DM100m programme with Deutsche Bank as sole dealer.

It will be the first borrower in the German commercial paper market which is owned by public authorities.

## FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on February 25

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABBEY NATIONAL 8 7/8 93 | 150 | 101⅛ | 101⅝ | -⅛ | 8.11 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 104 | 104⅛ | -⅛ | 8.29 |
| AUSTRIA 8 1/2 00 | 400 | 99¼ | 100¼ | -⅛ | 8.54 |
| BANK OF TOKYO 8 3/8 96 | 100 | 98⅞ | 99⅜ | | 8.65 |
| BELGIUM 9 1/8 92 | 400 | 101⅛ | 102 | -⅛ | 8.09 |
| BFCE 7 3/4 97 | 150 | 97⅞ | 98⅛ | +⅛ | 8.21 |
| BNP 8 5/8 94 | 300 | 101½ | 102 | -⅛ | 8.08 |
| BP CAPITAL 9 5/8 93 | 150 | 102⅝ | 103⅛ | -⅛ | 8.05 |
| CANADA 9 96 | 1000 | 103¾ | 104⅛ | -⅛ | 8.06 |
| CARCO 9 1/4 96 | 650 | 98 | 98⅝ | -⅛ | 9.71 |
| CCCE 9 1/4 95 | 300 | 104 | 104⅛ | -⅛ | 8.04 |
| COUNCIL EUROPE 8 96 | 100 | 98⅞ | 99⅛ | | 8.25 |
| CREDIT FONCIER 9 1/2 99 | 300 | 105⅜ | 105⅞ | -⅛ | 8.54 |
| DENMARK 0 98 | 250 | 54⅛ | 54⅝ | -⅛ | 8.59 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 94 LFr | 600 | 92¼ | 93¼ | | 9.75 |
| KREDIETCORP 7 93 LFr | 1000 | 94¼ | 95¼ | +⅛ | 9.71 |
| WORLD BANK 8 96 LFr | 1000 | 94¼ | 95¼ | | 9.45 |
| ALBERTA PROVINCE 10 92 C$ | 500 | 99⅞ | 100¼ | | 10.11 |
| BCE INC 9 5/8 93 C$ | 300 | 98½ | 99 | +⅛ | 10.39 |
| BELL CANADA 10 5/8 99 C$ | 150 | 100½ | 101 | -⅛ | 10.51 |
| BRITISH COLUMBIA 9 1/4 93 C$ | 150 | 98⅜ | 98⅞ | | 10.17 |
| EIB 10 1/8 98 C$ | 130 | 100⅝ | 101⅛ | -⅛ | 10.02 |
| FORD CREDIT CANADA 10 94 C$ | 100 | 97⅞ | 98⅜ | | 10.72 |
| GENERAL ELECT CAP 10 1/4 93 C$ | 175 | 100⅞ | 101⅛ | | 9.80 |
| MONTREAL TRUSTCO 8 1/2 92 C$ | 100 | 97⅝ | 98⅜ | +⅛ | 10.65 |
| ONTARIO HYDRO 10 7/8 99 C$ | 500 | 102¼ | 102⅝ | -⅛ | 10.46 |
| QUEBEC PROV 10 1/2 98 C$ | 200 | 100⅛ | 100⅝ | -⅛ | 10.46 |
| ROYAL TRUSTCO 10 1/4 93 C$ | 100 | 98⅝ | 99⅛ | | 10.92 |

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## FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, February 25, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

| COUNTRY | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|
| Afghanistan (Afghani) | 99.25 | 51.612 | 33.9026 | 38.6939 |
| Albania (Lek) | 9.9682 | 5.1836 | 3.405 | 3.8862 |
| Algeria (Dinar) | 31.532 | 16.3972 | 10.7709 | 12.2931 |
| Andorra (Fr Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| (Sp Peseta) | 181.95 | 94.6177 | 62.152 | 70.9356 |
| Angola (Kwanza) | 60.082 | 31.2438 | 20.5233 | 23.4237 |
| Antigua (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| Argentina (Austral) | 18031.25 | 9376.63 | 6159.27 | 7029.73 |
| Aruba (Florin) | 3.4422 | 1.79 | 1.1758 | 1.3419 |
| Australia (Aus $) | 2.4625 | 1.2805 | 0.8411 | 0.96 |
| Austria (Schilling) | 20.575 | 10.6994 | 7.0281 | 8.0214 |
| Azores (Port Escudo) | 255.60 | 132.917 | 87.3099 | 99.6491 |
| Bahamas (Bahamian $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Bahrain (Dinar) | 0.7381 | 0.3838 | 0.2521 | 0.2877 |
| Balearic Is (Sp Peseta) | 181.95 | 94.6177 | 62.152 | 70.9356 |
| Bangladesh (Taka) | 67.725 | 35.2184 | 23.134 | 26.4035 |
| Barbados (Barb $) | 3.8909 | 2.0233 | 1.329 | 1.5169 |
| Belgium (Belg Fr) | 60.30 | 31.3572 | 20.5977 | 23.5087 |
| Belize (B $) | 3.869 | 2.0119 | 1.3216 | 1.5083 |
| Benin (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Bermuda (Bermudian $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Bhutan (Ngultrum) | 36.67 | 19.0691 | 12.526 | 14.2962 |
| Bolivia (Boliviano) | 6.7321 | 3.5008 | 2.2996 | 2.6246 |
| Botswana (Pula) | 3.6088 | 1.8766 | 1.2327 | 1.4069 |
| Brazil (Cruzeiro) | 430.028 | 223.624 | 146.893 | 167.652 |
| Brunei (Brunei $) | 3.3273 | 1.7302 | 1.1365 | 1.2971 |
| Bulgaria (Lev) | 5.3665 | 2.7906 | 1.8331 | 2.0922 |
| Burkino Faso (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Burma (Kyat) | 11.5780 | 6.0208 | 3.9549 | 4.5138 |
| Burundi (Burundi Fr) | 317.8365 | 165.282 | 108.569 | 123.913 |
| Cambodia (Riel) | 890.10 | 462.871 | 304.048 | 347.018 |
| Cameroon (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Canada (Canadian $) | 2.2160 | 1.1523 | 0.7569 | 0.8639 |
| Canary Is (Sp Peseta) | 181.95 | 94.6177 | 62.152 | 70.9356 |
| Cp. Verde (CV Escudo) | 124.97 | 64.9869 | 42.6883 | 48.7212 |
| Cayman Is (CI $) | 1.6056 | 0.8349 | 0.5484 | 0.6259 |
| Cent. Afr. Rep (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Chad (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Chile (Chilean Peso) | 651.56 | 338.825 | 222.565 | 254.019 |
| China ♦ (Renminbi Yuan) | 10.1544 | 5.2804 | 3.4686 | 3.9588 |
| Colombia (Col Peso) | 1131.00 | 588.144 | 386.336 | 440.936 |
| Comoros (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Congo (Brazz) (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Costa Rica (Colon) | 214.34 | 111.461 | 73.216 | 83.5633 |
| Côte d'Ivoire (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Cuba (Cuban Peso) | 1.5408 | 0.8012 | 0.5263 | 0.6007 |
| Cyprus (Cyprus £) | 0.8388 | 0.4361 | 0.2865 | 0.327 |
| Czechoslovakia (Koruna) | [illegible] | [illegible] | [illegible] | [illegible] |
| | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark (Danish Kroner) | [illegible] | [illegible] | [illegible] | [illegible] |
| Djibouti Rep (Djib Fr) | [illegible] | [illegible] | [illegible] | [illegible] |
| Dominica (E Carrib $) | [illegible] | [illegible] | [illegible] | [illegible] |
| Dominican Rep (D Peso) | [illegible] | [illegible] | [illegible] | [illegible] |
| Ecuador (Sucre) | 1889.96o | 982.819 | 645.588 | 736.827 |
| | 1846.81a | 960.38 | 630.849 | 720.004 |
| Egypt (Egyptian £) | [illegible] | [illegible] | [illegible] | [illegible] |
| El Salvador (Colon) | [illegible] | [illegible] | [illegible] | [illegible] |
| Equat'l Guinea (CFA Fr) | [illegible] | [illegible] | [illegible] | [illegible] |
| Ethiopia (Ethiopian Birr) | [illegible] | [illegible] | [illegible] | [illegible] |
| Falkland Is (Falk £) | 1.00 | 0.52 | 0.3415 | 0.3898 |
| Faroe Is (Danish Kroner) | 11.2250 | 5.8372 | 3.8343 | 4.3762 |
| Fiji Is (Fiji $) | 2.7995 | 1.4557 | 0.9562 | 1.0914 |
| Finland (Markka) | 7.0763 | 3.6798 | 2.4171 | 2.7587 |
| France (Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Fr. Cty/Africa (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Fr. Guiana (Local Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Fr. Pacific Is (CFP Fr) | 177.00 | 92.0436 | 60.4611 | 69.0058 |
| Gabon (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Gambia (Dalasi) | 14.176 | 7.3718 | 4.8423 | 5.5267 |
| Germany (D-Mark) | 2.9275 | 1.5223 | 1 | 1.1413 |
| Ghana (Cedi) | 690.59 | 359.121 | 235.898 | 269.236 |
| Gibraltar (Gib £) | 1.00 | 0.52 | 0.3415 | 0.3898 |
| Greece (Drachma) | 314.08 | 163.328 | 107.286 | 122.448 |
| Greenland (Danish Krone) | 11.2250 | 5.8372 | 3.8343 | 4.3762 |
| Grenada (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| Guadaloupe (Local Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Guam (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Guatemala (Quetzal) | 9.7877 | 5.0898 | 3.3433 | 3.8158 |
| Guinea (Fr) | 1199.39a | 623.708 | 409.698 | 467.598 |
| | 580.35n | 301.794 | 198.241 | 226.257 |
| Guinea-Bissau (Peso) | 1257.43 | 653.89 | 429.523 | 490.226 |
| Guyana (Guyanese $) | 86.495 | 44.9791 | 29.5456 | 33.7212 |
| Haiti (Goude) | 9.6725 | 5.0299 | 3.304 | 3.7709 |
| Honduras (Lempira) | 10.832 | 5.6328 | 3.7 | 4.223 |
| Hong Kong (HK $) | 15.0435 | 7.8229 | 5.1386 | 5.8649 |
| Hungary (Forint) | 136.974 | 71.2293 | 46.7887 | 53.4011 |
| Iceland (Icelandic Krona) | 107.10 | 55.6942 | 36.5841 | 41.7543 |
| India (Indian Rupee) | 36.67 | 19.0691 | 12.526 | 14.2962 |
| Indonesia (Rupiah) | 3729.74 | 1939.54 | 1274.04 | 1454.09 |
| Iran (Rial) | 124.40 | 64.6905 | 42.4935 | 48.499 |
| Iraq (Iraqi Dinar) | 0.59382 | 0.3087 | 0.2028 | 0.2315 |
| Irish Rep (Punt) | 1.1000 | 0.572 | 0.3757 | 0.4288 |
| Israel (Shekel) | 3.910 | 2.0332 | 1.3356 | 1.5243 |
| Italy (Lira) | 2188.00 | 1137.81 | 747.395 | 853.021 |
| Jamaica (Jamaican $) | 13.325 | 6.9292 | 4.5516 | 5.1949 |
| Japan (Yen) | 256.50 | 133.385 | 87.6174 | 100 |
| Jordan (Jordanian Dinar) | 1.2584 | 0.6543 | 0.4298 | 0.4906 |
| Kenya (Kenya Shilling) | 48.03 | 24.9765 | 16.4064 | 18.7251 |
| Kiribati (Australian $) | 2.4625 | 1.2805 | 0.8411 | 0.96 |
| Korea North (Won) | 1.8765 | 0.9758 | 0.6409 | 0.7315 |
| Korea South (Won) | 1398.08 | 727.031 | 477.568 | 545.06 |
| Kuwait ★ (Kuwaiti Dinar) | | | | |
| Laos (New Kip) | 1354.15 | 704.186 | 462.562 | 527.934 |
| Lebanon (Lebanese £) | 2120.5 | 1102.7 | 724.338 | 826.706 |
| Lesotho (Maluti) | 4.9398 | 2.5687 | 1.6873 | 1.9258 |
| Liberia (Liberian $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Libya (Libyan Dinar) | 0.5167 | 0.2686 | 0.1764 | 0.2014 |
| Liechtenstein (Swiss Fr) | 2.5075 | 1.3039 | 0.8565 | 0.9775 |
| Luxembourg (Lux Fr) | 60.30 | 31.3572 | 20.5977 | 23.5087 |
| Macao (Pataca) | 15.569 | 8.0962 | 5.3181 | 6.0697 |
| Madagascar (MG Fr) | 2928.33 | 1522.79 | 1000.28 | 1141.65 |
| Madeira (Port Escudo) | 255.60 | 132.917 | 87.3099 | 99.6491 |
| Malawi (Kwacha) | 4.9862 | 2.5929 | 1.7032 | 1.9439 |
| Malaysia (Ringgit) | 5.2268 | 2.718 | 1.7854 | 2.0377 |
| Maldive Is (Rufiya) | 18.571 | 9.6573 | 6.3436 | 7.2401 |
| Mali Rep (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Malta (Maltese £) | 0.5815 | 0.3023 | 0.1986 | 0.2267 |
| Martinique (Local Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Mauritania (Ouguiya) | 147.641 | 76.7763 | 50.4324 | 57.5598 |
| Mauritius (Maur Rupee) | 27.167 | 14.1274 | 9.2799 | 10.5914 |
| Mexico (Mexican Peso) | 5740.48e | 2985.17 | 1960.88 | 2238 |
| | 5729.60d | 2979.51 | 1957.16 | 2233.76 |
| Miquelon (Local Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Monaco (French Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Mongolia (Tugrik) | 6.4912 | 3.3755 | 2.2173 | 2.5306 |
| Montserrat (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| Morocco (Dirham) | 15.2944 | 7.9534 | 5.2243 | 5.9627 |
| Mozambique (Metical) | 1992.36 | 1036.07 | 680.567 | 776.749 |
| Namibia (S A Rand) | 4.9398 | 2.5687 | 1.6873 | 1.9258 |
| Nauru Is (Australian $) | 2.4625 | 1.2805 | 0.8411 | 0.96 |
| Nepal (Nepalese Rupee) | 58.809 | 30.5819 | 20.0884 | 22.9274 |
| Netherlands (Guilder) | 3.2975 | 1.7147 | 1.1263 | 1.2855 |
| N'nd Antilles (A/Guilder) | 3.4628 | 1.8007 | 1.1828 | 1.35 |
| New Zealand (NZ $) | 3.2275 | 1.6783 | 1.1024 | 1.2582 |
| Nicaragua (Cordoba) | 9578250.00 | 4980889 | 3271819 | 3734211 |
| Niger Rep (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Nigeria (Naira) | 18.610 | 9.6775 | 6.3569 | 7.2553 |
| Norway (Nor. Krone) | 11.4275 | 5.9425 | 3.9035 | 4.4551 |
| Oman (Rial Omani) | 0.7468 | 0.3883 | 0.255 | 0.2911 |
| Pakistan (Pak Rupee) | 42.609 | 22.1575 | 14.5547 | 16.6116 |
| Panama (Balboa) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Papua New Guinea (Kina) | 1.8450 | 0.9594 | 0.6302 | 0.7192 |
| Paraguay (Guarani) | 2540.54 | 1321.13 | 867.819 | 990.464 |
| Peru (Inti) | 1.0739 | 0.5584 | 0.3668 | 0.4186 |
| Philippines (Peso) | 52.632 | 27.3697 | 17.9784 | 20.5192 |
| Pitcairn Is (£ Sterling) | 1.00 | 0.52 | 0.3415 | 0.3898 |
| (NZ $) | 3.2275 | 1.6783 | 1.1024 | 1.2582 |
| Poland (Zloty) | 18631.00 | 9688.51 | 6364.13 | 7263.55 |
| Portugal (Escudo) | 255.60 | 132.917 | 87.3099 | 99.6491 |
| Puerto Rico (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Qatar (Riyal) | 7.0662 | 3.6745 | 2.4137 | 2.7548 |
| Reunion Is. de la (F/Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| Romania † (Leu) | 67.89 | 35.3042 | 23.1904 | 26.4678 |
| Rwanda (Fr) | 232.3315 | 120.817 | 79.3617 | 90.5775 |
| St Christopher (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| St Helena (£) | 1.00 | 0.52 | 0.3415 | 0.3898 |
| St Lucia (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| St Pierre (French Fr) | 9.9525 | 5.1755 | 3.3996 | 3.8801 |
| St Vincent (E Carr $) | 5.2232 | 2.7161 | 1.7841 | 2.0363 |
| San Marino (Italian Lira) | 2188.00 | 1137.81 | 747.395 | 853.021 |
| Sao Tome (Dobra) | 291.53 | 151.602 | 99.5832 | 113.657 |
| Saudi Arabia (Riyal) | 7.2788 | 3.7851 | 2.4863 | 2.8377 |
| Senegal (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Seychelles (Rupee) | 9.675 | 5.0312 | 3.3048 | 3.7719 |
| Sierra Leone (Leone) | 357.98 | 186.157 | 122.282 | 139.563 |
| Singapore ($) | 3.3273 | 1.7302 | 1.1365 | 1.2971 |
| Solomon Is ($) | 5.0920 | 2.6479 | 1.7393 | 1.9851 |
| Somali Rep (Shilling) | 5068.39 | 2635.67 | 1731.3 | 1975.98 |
| South Africa (Rand) | 4.9398c | 2.5687 | 1.6873 | 1.9258 |
| | 6.0885g | 3.1661 | 2.0797 | 2.3736 |
| Spain (Peseta) | 181.95 | 94.6177 | 62.152 | 70.9356 |
| Spanish Ports in N Africa (Sp Peseta) | 181.95 | 94.6177 | 62.152 | 70.9356 |
| Sri Lanka (Rupee) | 78.503 | 40.8231 | 26.8157 | 30.6054 |
| Sudan Rep (£) | 8.7053o | 4.5269 | 2.9736 | 3.3938 |
| | 22.150g | 11.5184 | 7.5661 | 8.6354 |
| Surinam (Guilder) | 3.4531 | 1.7956 | 1.1795 | 1.3462 |
| Swaziland (Lilangeni) | 4.9398 | 2.5687 | 1.6873 | 1.9258 |
| Sweden (Krona) | 10.8650 | 5.65 | 3.7113 | 4.2358 |
| Switzerland (Fr) | 2.5075 | 1.3039 | 0.8565 | 0.9775 |
| Syria (£) | 40.625 | 21.1258 | 13.877 | 15.8382 |
| Taiwan ($) | 53.05 | 27.5871 | 18.1212 | 20.6822 |
| Tanzania (Shilling) | 378.19 | 196.667 | 129.185 | 147.442 |
| Thailand (Baht) | 48.781 | 25.3671 | 16.663 | 19.0179 |
| Togo Rep (CFA Fr) | 497.625 | 258.775 | 169.983 | 194.006 |
| Tonga Is (Pa Anga) | 2.4625 | 1.2805 | 0.8411 | 0.96 |
| Trinidad/Tobago ($) | 8.222 | 4.2756 | 2.8085 | 3.2054 |
| Tunisia (Dinar) | 1.6423 | 0.854 | 0.5609 | 0.6402 |
| Turkey (Lira) | 6311.13 | 3281.92 | 2155.81 | 2460.48 |
| Turks & Caicos (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Tuvalu (Australian $) | 2.4625 | 1.2805 | 0.8411 | 0.96 |
| Uganda (New Shilling) | 1158.40 | 602.392 | 395.696 | 451.618 |
| U A E (Dirham) | 7.1292 | 3.7073 | 2.4352 | 2.7794 |
| United Kingdom (£) | 1.00 | 0.52 | 0.3415 | 0.3898 |
| United States (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Uruguay (Peso) | 3325.29 | 1729.22 | 1135.88 | 1296.41 |
| USSR (Rouble) | 1.0849o | 0.5641 | 0.3705 | 0.4229 |
| | 3.2547c | 1.6925 | 1.1117 | 1.2688 |
| Vanuatu (Vatu) | 211.00 | 109.724 | 72.0751 | 82.2612 |
| Vatican (Lira) | 2188.00 | 1137.81 | 747.395 | 853.021 |
| Venezuela (Bolivar) | 104.276 | 54.2256 | 35.6194 | 40.6534 |
| Vietnam (Dong) | 14025.13 | 7293.36 | 4790.82 | 5467.89 |
| Virgin Is-British (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Virgin Is-US (US $) | 1.9230 | 1 | 0.6568 | 0.7497 |
| Western Samoa (Tala) | 4.4137 | 2.2952 | 1.5076 | 1.7207 |
| Yemen (Rial) | 23.311 | 12.1222 | 7.9627 | 9.0881 |
| Yemen PDR (Dinar) | 0.8918 | 0.4637 | 0.3046 | 0.3476 |
| Yugoslavia (Dinar) | 26.2325 | 13.6414 | 8.9607 | 10.227 |
| Zaire Rep (Zaire) | 6328.0 | 3290.69 | 2161.57 | 2467.06 |
| Zambia (Kwacha) | 96.241 | 50.0473 | 32.8748 | 37.5208 |
| Zimbabwe ($) | 5.2618 | 2.7362 | 1.7973 | 2.0513 |

Special Drawing Rights February 22, 1991 United Kingdom £0.732113 United States $1.43604 Germany D Mark 2.13668 Japan Yen188.265
European Currency Unit Rates February 25, 1991 United Kingdom £0.700548 United States $1.35507 Germany D Mark 2.05212 Japan Yen179.614

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate, (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; ★Kuwaiti Dinar unavailable
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, February 25, 1991

## INTERNATIONAL CAPITAL MARKETS

# CBOT to launch first insurance futures

By Barbara Durr in Chicago

THE Chicago Board of Trade will launch the world's first insurance futures on October 1. The first contract to be offered will be on health insurance. The CBOT is also developing contracts on motor, homeowner and ocean marine insurance.

These ground-breaking futures products still face several regulatory hurdles. They must be approved by the Commodity Futures Regulation Commission, the US federal agency on futures, as well as state regulators. Insurance is regulated on a state by state basis in the US.

But Mr Leslie Rosenthal, managing partner of the Rosenthal Collins Group and chief of the exchange's subcommittee charged with developing the contracts, is confident that once the contract specifications are finalised the required approvals will come.

To that end, the CBOT has geared up for a substantial educational campaign about how the contracts work and what economic purpose they serve. The effort is aimed initially at regulators but also targets insurance underwriters.

The exchange contracted the Stanford Consulting Group, which includes specialist insurance academics, to draw up a white paper that will be used in its next round of visits to regulators in April and May. And it has reached an agreement with Coopers & Lybrand, the accounting firm, to assess the accounting and regulatory procedures for such contracts for participating insurers.

The first contracts will be based on a pool of health policies. A special participating group of at least ten insurance companies will be solicited to become members of the pool. Eligible policies will have a homogeneous character. Among other requirements, they will be primary US policies of one-year, fixed-premium term, have a maximum deductible of $300 per person and maximum co-insurance level of 20 per cent for major benefits.

The CBOT plans to offer futures contracts on motor insurance

The pools will be formed in January and July and four quarterly contracts will be traded. Final settlement will be equal to $100,000 times the amount of one minus claim divided by premiums earned.

If, for example, over the trading life of a contract conditions vary, prices of the futures will also vary. These will reflect the expectations about the quarter's underwriting results for the underlying pool of contracts. Crucial trading information about the claims experience of participating insurers will be collected by the exchange from state regulators. Insurers are required to submit such information on a monthly basis. It will then be disseminated by the CBOT.

The insurance futures will be marked to market daily, just as other contracts are. Rises and falls in their prices corresponding to profits and losses, will be paid to or by traders as incurred.

Mr Rosenthal said the exchange has had positive and negative responses to the contracts from the insurance community. He said the negative reaction stemmed largely from the fact that dealers were unenthusiastic about having a public efficient pricing mechanism for these products rather than a private window.

Lloyds of London has turned down an offer of co-operation with the CBOT.

# EIB enlivens issue activity with DM600m offering

By Simon London

THE European Investment Bank enlivened a relatively quiet international bond market yesterday, launching a DM600m seven-year floating rate issue.

## INTERNATIONAL BONDS

The bonds offer investors a margin of 25 basis points under the three-month London interbank offered rate. Although the deal was launched too late in the day to gauge the reaction of investors, co-managers commented that the paper looked expensive.

The last EIB floating rate deal pays a margin of 15 basis points under six-month Libor. Floating rate paper of comparable maturity from the Staatsbank, the formerly state-owned east German institution, pays six-month Libor flat and was yesterday trading at around 99.90 bid.

However, the EIB bonds may appeal to Italian investors who gain tax exemptions on holdings of bonds issued by some supranational borrowers.

Goldman Sachs waited until the afternoon before breaking the syndicate on the £200m mortgage-backed deal launched on Friday for CMS No8, a special-purpose subsidiary of National Home Loans.

From a fixed reoffer price of 99.60, the paper traded to around 99.40 bid. At the fixed reoffer price the paper offers investors a discounted margin of 67 basis points.

The lead manager reported interest from far eastern investors and UK institutions, including banks. By the close of trading about 10 per cent of the issue was still not placed with investors.

From January 1993, UK banks may have to double the amount of capital they set aside against holdings of mortgage-backed securities to comply with a European Community Solvency Ratios directive. The bonds carry a set-up feature whereby the margin increases to 70 basis points from that date if the EC legislation comes into force.

Two further convertible bond issues confirmed the renewed interest of investors in equity-linked paper.

Tiffany & Co, the US luxury goods retailer, made its debut in the international capital market with a $50m convertible issue lead managed by Lehman Brothers International. The paper carries a coupon of 6⅜ per cent, against 7⅜ per cent on the American Brands deal launched by Morgan Stanley last week. It is convertible into equity at a premium of 18 per cent to Friday's closing price of Tiffany stock, which is currently yielding 0.6 per cent on the New York Stock Exchange.

Despite this relatively aggressive pricing, the paper was priced before the New York market opened and the lead manager reported strong demand from far eastern and European investors.

Lehman Brothers last week made filings with the US Securities and Exchange Commission for a $200m convertible issue for Connor Peripherals, the US technology company.

Kolon Industrial, a Korean textiles company, came with a $25m convertible deal with an indicated coupon of between four and five per cent lead managed by J. Henry Schroder Wagg.

Supply of Canadian dollar paper was maintained, with the London branch of Canadian Imperial Bank of Commerce offering C$100m three-year paper. The deal was lead managed by Wood Gundy.

The bonds carry a coupon of 10⅜ per cent and were reoffered to investors at the fixed price of 99.745, to yield 73 basis points over comparable Canadian government paper.

● A proposed issue of $500m subordinated bonds by an offshore subsidiary of Tokai Bank has been rated A1 by Moody's Investors Service, the US credit rating agency. The bonds, to be issued by Tokai Finance Curacao, will carry the subordinated guarantee of the parent bank. The issue will count as supplementary Tier II capital for Tokai, the seventh-largest of the 12 Japanese commercial banks.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | |
| Tiffany & Co.(b)§◆ | 50 | 6⅜ | 100 | 2001 | 2½/1½ | Lehman Brothers |
| Kolon Industries(c)§ | 25 | (4-5) | 100 | 2005 | 2½ | J Henry Schroder Wagg |
| **CANADIAN DOLLARS** | | | | | | |
| CIBC (London)(a)◆ | 100 | 10⅜ | 100.92 | 1994 | 1⅜/1.275 | Wood Gundy Inc. |
| **D-MARKS** | | | | | | |
| EIB(d)†◆ | 600 | (d) | 100 | 1998 | 20/10bp | Salomon Bros.AG |
| ABB Capital BV(a)★★◆ | 100 | 8¼ | 101½ | 1998 | 1⅞/1⅜ | UBS (Germany) |
| **YEN** | | | | | | |
| Nippon Sanso Corp.(a)◆ | 20bn | 7.20 | 101.60 | 1998 | 1⅞/1¼ | Yamaichi Int. |
| Fin Danish Industry Int.(e)◆ | 10bn | (e) | 100.10 | 1996 | 10bp | JP Morgan Secs. |

★★Private placement. §Convertible. ¢With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Callable after 3 years at 140%. Conversion premium fixed at 17.89%. c) Callable from 1/1/93 at 140%. Put option 31/12/95 to yield 8¾-9%. d) Callable after 2 years and on each coupon date, thereafter, at par. Coupon pays 3-month Libor minus 25bp. e) Coupon pays 8½% for first year, then is based on Yen/Yen swap rate, thereafter. Non-callable.

# GE Capital merges European divisions

By Stephen Fidler, Euromarkets Correspondent

GE Capital, the financial service affiliate of General Electric of the US, has merged its corporate funding division in Europe with its European organisations covering transportation and industrial funding.

The newly merged group will be headed by Mr George Tappert, who recently moved to London as head of the group's European Corporate Financing activities. The group, with headquarters in London and an office in Paris, will offer project financing, corporate restructuring, recapitalisation and asset-supported financing in the UK and continental Europe. The new group employs about 30 people.

According to Mr Tappert, the group will increasingly direct its attention towards "capital-intensive business which can utilise creative balance sheet funding approaches and clients for whom asset-based or supported financing structures provide the best approach".

GE Capital suffered setbacks as it tried to expand its financing operations in the UK, investing heavily in risky leveraged buy-outs for names such as that of the kitchen group Magnet. Mr Tappert said that in common with the rest of the market, GE Capital had since become more conservative in its approach.

# Patricia Treasury CP on watch list

NORDISK Rating, a subsidiary of Standard & Poor's, the US rating agency, has placed SKr5bn in commercial paper of Patricia Treasury on its observation list with a negative indication, Reuter reports.

Patricia Treasury is jointly owned by Swedish investment firms Investor and Providentia, the investment vehicles of the Wallenberg family, which has made a SKr12.8bn bid for all outstanding shares of Saab-Scania. Nordisk put the programme on the watch list because of the bid.

# Taking stock of the Caribbean

The stock exchanges of Jamaica, Barbados and Trinidad and Tobago have begun cross-listing companies as the first step in the creation of a regional stock exchange.

The regional market is considered by the 13-member Caribbean Community (Caricom) to be essential to the creation of a common market in 1993 and a monetary union by 1995. Investors in the three countries can observe the performance of 86 listed stocks with trading starting at the beginning of April.

Until then, central bankers from the Caricom countries will attempt to develop plans to deal with cross-border clearing arrangements, a potential problem in a region of exchange regulation and currencies of uncertain parity.

**Jamaica, Barbados and Trinidad and Tobago are taking the first steps towards creating a regional exchange, due to begin trading in April. Canute James reports**

Earlier, bankers from the three countries had agreed on the creation of a pool of US$11m – $5m each from Jamaica and Trinidad and Tobago and $1m from Barbados – which would be used to clear stock exchange payments for the first 18 months of the stock market's operations.

There has, however, been some rethinking. Trinidad and Tobago have decided against this method of clearing payments and will instead give priority in allocating foreign exchange to transactions on the stock market.

The concern over a viable method to clear payments has heightened since the Jamaican government's decision last September to operate a float of the island's currency which has since depreciated 17 per cent.

"Several issues have to be cleared up before there will be a satisfactory arrangement," said one Trinidadian stockbroker. "There has been some thought given to a three-day clearing period, but with Jamaica's floating rate there is the question over who will assume the exchange risk in the three days."

The new regional stock exchange is starting with a combined capital of US$1.56bn. The Jamaica exchange, the largest of the three, was established 22 years ago. Listing 42 companies, it deals in ordinary and preference stocks and debentures and has a capitalisation of $850m.

The Trinidad and Tobago exchange has capitalisation of $420m and lists 31 companies. Barbados lists 13 companies and is capitalised at $290m.

"The first objective of the regional market is to allow companies the possibility of listing on one or all of the stock exchanges," said Mr Fernando De Peralto, acting chairman of the Jamaica stock exchange. "At the start, however, trading will take place only in the country in which the company is incorporated."

The Caribbean Community was created 18 years ago to foster trade and economic co-operation among the English-speaking countries of the region. Members include the island nations, and Belize in central America and Guyana in South America.

"One aim of the stock market is to allow businesses to raise equity capital," Mr De Peralto said. "Businesses in the region are highly dependent on loan capital for their operations. They are all highly geared and are exposed to changes in the cost of money."

The new exchange is expected by regional trade and finance officials to increase investment interest in the region and strengthen private sector business. The way was cleared for the regional exchange when the government of Trinidad and Tobago amended legislation which limited the holding of property by foreigners.

Central bankers expect the new stock exchange to adopt the characteristics of a wider and more robust capital market. The speed of the growth of the new exchange, and its evolution into a broadly based capital market, will depend on its acceptance by other Caricom members.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

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| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon Feb 25 1991 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1991 to date | Fri Feb 22 Index No. | Thu Feb 21 Index No. | Wed Feb 20 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (187) | 813.36 | +1.1 | 13.12 | 5.90 | 9.28 | 0.85 | 804.19 | 802.04 | 797.02 | 846.60 |
| 2 | Building Materials (24) | 1124.57 | +1.7 | 12.67 | 5.42 | 9.71 | 0.55 | 1106.03 | 1102.17 | 1094.32 | 1025.43 |
| 3 | Contracting, Construction (31) | 1274.03 | +1.7 | 14.09 | 6.13 | 9.20 | 3.90 | 1252.47 | 1246.27 | 1235.99 | 1419.47 |
| 4 | Electricals (10) | 2195.28 | +0.6 | 12.87 | 6.08 | 9.51 | 0.80 | 2181.16 | 2164.85 | 2168.63 | 2352.47 |
| 5 | Electronics (26) | 1775.23 | +0.3 | 8.95 | 5.03 | 14.89 | 1.55 | 1769.52 | 1786.18 | 1760.90 | 1877.87 |
| 6 | Engineering-Aerospace (8) | 411.58 | ....... | 16.30 | 5.93 | 7.37 | 0.86 | 411.77 | 408.87 | 406.39 | 415.78 |
| 7 | Engineering-General (47) | 408.34 | +1.4 | 14.31 | 6.29 | 8.42 | 1.15 | 402.86 | 398.73 | 396.50 | 455.65 |
| 8 | Metals and Metal Forming (8) | 446.32 | +1.0 | 20.44 | 7.71 | 6.04 | 0.00 | 441.98 | 444.45 | 440.89 | 463.30 |
| 9 | Motors (13) | 325.44 | +0.7 | 15.30 | 7.39 | 7.61 | 0.00 | 323.25 | 322.34 | 318.05 | 351.08 |
| 10 | Other Industrial Materials (20) | 1422.77 | +1.4 | 11.85 | 5.71 | 9.76 | 0.71 | 1403.23 | 1397.17 | 1396.65 | 1532.20 |
| 21 | CONSUMER GROUP (182) | 1337.93 | +1.1 | 9.02 | 3.90 | 13.77 | 3.44 | 1323.33 | 1320.00 | 1312.05 | 1223.70 |
| 22 | Brewers and Distillers (22) | 1674.32 | +0.6 | 9.57 | 3.73 | 12.87 | 7.47 | 1663.74 | 1661.02 | 1651.66 | 1432.80 |
| 25 | Food Manufacturing (20) | 1131.41 | +1.0 | 10.16 | 4.25 | 12.12 | 1.69 | 1120.43 | 1121.92 | 1122.88 | 1052.40 |
| 26 | Food Retailing (16) | 2522.20 | +0.8 | 8.39 | 3.07 | 15.59 | 3.15 | 2502.20 | 2494.73 | 2450.14 | 2265.93 |
| 27 | Health and Household (21) | 2842.72 | +1.3 | 6.31 | 2.69 | 18.79 | 0.91 | 2804.91 | 2807.02 | 2814.06 | 2392.80 |
| 29 | Hotels and Leisure (22) | 1280.31 | –0.6 | 10.67 | 5.35 | 11.13 | 9.06 | 1288.65 | 1279.07 | 1242.89 | 1524.94 |
| 30 | Media (25) | 1324.27 | +1.7 | 11.03 | 5.19 | 11.45 | 7.81 | 1301.83 | 1294.17 | 1291.03 | 0.00 |
| 31 | Packaging & Paper (11) | 600.56 | +2.3 | 8.76 | 5.72 | 13.99 | 0.30 | 587.27 | 585.79 | 590.24 | 554.38 |
| 34 | Stores (34) | 865.68 | +2.1 | 9.81 | 4.22 | 13.27 | 1.76 | 847.98 | 840.30 | 831.88 | 771.80 |
| 35 | Textiles (11) | 451.40 | +0.7 | 12.73 | 7.79 | 10.07 | 0.65 | 448.29 | 455.08 | 453.74 | 497.86 |
| 40 | OTHER GROUPS (111) | 1129.31 | +1.2 | 11.42 | 5.30 | 10.59 | 2.56 | 1115.90 | 1114.06 | 1102.54 | 1151.03 |
| 41 | Business Services (12) | 1058.75 | +0.8 | 11.81 | 5.10 | 10.29 | 0.26 | 1050.14 | 1041.47 | 1021.96 | 0.00 |
| 42 | Chemicals (21) | 1218.73 | +1.3 | 11.66 | 5.85 | 10.11 | 0.77 | 1203.61 | 1203.30 | 1194.69 | 1165.06 |
| 43 | Conglomerates (11) | 1475.04 | +1.7 | 11.64 | 6.99 | 10.25 | 6.83 | 1450.10 | 1445.69 | 1424.64 | 1570.98 |
| 44 | Transport (15) | 2072.03 | +2.1 | 12.61 | 4.91 | 9.77 | 1.82 | 2029.79 | 2028.07 | 2013.04 | 2241.35 |
| 45 | Electricity (12) | 1122.60 | +0.3 | 10.98 | 6.27 | 10.98 | 0.00 | 1118.82 | 1125.50 | 1122.94 | 0.00 |
| 46 | Telephone Networks(3) | 1271.21 | +1.3 | 10.52 | 3.98 | 12.36 | 0.00 | 1254.38 | 1248.28 | 1227.51 | 1214.73 |
| 47 | Water(10) | 2422.54 | +0.4 | 14.00 | 5.78 | 7.98 | 39.69 | 2411.71 | 2432.77 | 2423.53 | 2046.31 |
| 48 | Miscellaneous (27) | 1788.45 | +0.7 | 10.54 | 5.07 | 11.05 | 1.37 | 1775.36 | 1769.76 | 1761.18 | 1823.81 |
| 49 | INDUSTRIAL GROUP (480) | 1147.68 | +1.1 | 10.63 | 4.76 | 11.51 | 2.47 | 1134.72 | 1132.14 | 1123.71 | 1119.75 |
| 51 | Oil & Gas (20) | 2249.84 | –0.6 | 11.51 | 5.90 | 11.37 | 34.91 | 2262.41 | 2259.21 | 2259.61 | 2322.06 |
| 59 | 500 SHARE INDEX (500) | 1240.99 | +0.9 | 10.75 | 4.91 | 11.49 | 4.88 | 1229.77 | 1227.12 | 1219.24 | 1219.70 |
| 61 | FINANCIAL GROUP (98) | 782.03 | +1.4 | – | 6.12 | – | 2.87 | 771.08 | 774.62 | 767.97 | 810.29 |
| 62 | Banks (9) | 830.28 | +1.9 | 18.48 | 7.08 | 7.07 | 5.83 | 814.77 | 827.57 | 819.44 | 870.26 |
| 65 | Insurance (Life) (7) | 1440.93 | +1.9 | – | 5.33 | – | 0.00 | 1414.03 | 1404.17 | 1398.01 | 1324.76 |
| 66 | Insurance (Composite) (6) | 699.68 | +1.4 | – | 6.11 | – | 0.00 | 690.10 | 685.22 | 681.20 | 691.24 |
| 67 | Insurance (Brokers) (8) | 1037.66 | +0.7 | 7.13 | 6.21 | 18.38 | 7.94 | 1030.61 | 1044.41 | 1061.04 | 1081.66 |
| 68 | Merchant Banks (7) | 403.18 | +0.4 | – | 5.06 | – | 0.00 | 401.43 | 398.08 | 394.53 | 487.00 |
| 69 | Property (41) | 1017.43 | +0.8 | 6.52 | 4.62 | 21.00 | 1.26 | 1009.20 | 1011.89 | 994.36 | 1106.60 |
| 70 | Other Financial (20) | 273.38 | –0.1 | 9.18 | 6.59 | 13.75 | 2.30 | 273.66 | 273.57 | 270.83 | 315.18 |
| 71 | Investment Trusts (69) | 1118.34 | +1.4 | – | 3.64 | – | 4.03 | 1102.85 | 1097.73 | 1099.20 | 1131.41 |
| 99 | ALL-SHARE INDEX (667) | 1128.16 | +1.0 | – | 5.05 | – | 4.39 | 1117.02 | 1115.60 | 1108.34 | 1118.85 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Feb 22 | Feb 21 | Feb 20 | Feb 19 | Feb 18 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX¢ | 2335.5 | +21.2 | 2354.5 | 2317.9 | 2314.3 | 2312.4 | 2296.8 | 2312.4 | 2318.3 | 2249.3 |

### FIXED INTEREST

| | PRICE INDICES | Mon Feb 25 | Day's change % | Fri Feb 22 | Accrued interest | xd adj. 1991 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (28) | 121.14 | +0.07 | 121.06 | 1.92 | 1.65 |
| 2 | 5-15 years (31) | 132.20 | –0.01 | 132.21 | 1.60 | 2.69 |
| 3 | Over 15 years (8) | 141.46 | +0.07 | 141.36 | 2.88 | 1.08 |
| 4 | Irredeemables (6) | 155.44 | +0.13 | 156.37 | 2.35 | 1.14 |
| 5 | All stocks (73) | 131.12 | +0.02 | 131.10 | 1.84 | 2.21 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 158.37 | ......... | 158.36 | 0.20 | 1.03 |
| 7 | Over 5 years (10) | 144.59 | –0.13 | 144.78 | 0.50 | 0.89 |
| 8 | All stocks (12) | 145.51 | –0.12 | 145.68 | 0.48 | 0.90 |
| 9 | Debs & Loans (54) | 109.73 | +0.16 | 110.49 | 2.22 | 1.62 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Mon Feb 25 | Fri Feb 22 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 9.27 | 9.26 | 10.90 |
| 2 | Coupons | 15 years | 9.54 | 9.55 | 10.52 |
| 3 | (0%-7¾%) | 25 years | 9.69 | 9.71 | 10.41 |
| 4 | Medium | 5 years | 10.08 | 10.09 | 12.07 |
| 5 | Coupons | 15 years | 9.93 | 9.93 | 10.94 |
| 6 | (8%-10¾%) | 25 years | 9.87 | 9.86 | 10.55 |
| 7 | High | 5 years | 10.24 | 10.25 | 12.19 |
| 8 | Coupons | 15 years | 10.08 | 10.06 | 11.16 |
| 9 | (11%-) | 25 years | 9.98 | 9.96 | 10.71 |
| 10 | Irredeemables | † | 9.88 | 9.89 | 10.46 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.68 | 3.67 | 4.36 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.15 | 4.14 | 3.94 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 2.22 | 2.21 | 3.40 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.96 | 3.95 | 3.76 |
| 15 | Debs & | 5 years | 12.03 | 12.10 | 13.43 |
| 16 | Loans | 15 years | 11.69 | 11.72 | 12.91 |
| 17 | | 25 years | 11.43 | 11.44 | 12.91 |

¢Opening index 2318.4; 9 am 2323.9; 10 am 2337.3; 11 am 2344.2; Noon 2344.8; 1 pm 2350.5; 2 pm 2350.9; 2.30 pm 2353.9; 3 pm 2349.4; 4.10 pm 2337.5; (a) 2.44pm (b) 8.32am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323. CONSTITUENT CHANGES: Bardon Group (2) has been deleted and replaced by Domino Printing Sciences (5). NAME CHANGE; Blenheim Exhibitions Group is now Blenheim Group (30).

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 31 | 30 | 25 |
| Corporations, Dominion and Foreign Bonds | 3 | 2 | 16 |
| Industrials | 688 | 144 | 722 |
| Financial and Properties | 366 | 43 | 340 |
| Oils | 30 | 8 | 54 |
| Plantations | 2 | 1 | 7 |
| Mines | 53 | 16 | 95 |
| Others | 48 | 20 | 79 |
| Totals | 1,221 | 264 | 1,338 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc. Date | 1990/91 High | 1990/91 Low | Stock | Closing Price | +or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 100 | F.P. | – | 105 | 102 | East German Inv. Tst. | 103 | | – | – | – | – |
| §100 | F.P. | – | 95 | 58 | ¢Eidos 10p | 58 | | – | – | – | – |
| – | F.P. | – | 18 | 16 | ¢Europe Energy 5p | 16 | | – | – | – | – |
| – | F.P. | – | 3825 | 3475 | Eurotunnel Feder. Wrrnts. | 3600 | +100 | – | – | – | – |
| – | F.P. | – | 128 | 90 | JF Pacific (New Wrrnts) | 128 | +8 | – | – | – | – |
| 50 | F.P. | – | 45 | 43 | Trio Inv. Tst. | 44 | | – | – | – | – |
| – | F.P. | – | 9 | 6 | Do. Warrants | 7 | | – | – | – | – |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1990/91 High | 1990/91 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| – | | – | 86 | 68 | Brent Walker Capital 13pc Cv Cap Bd | 80 | +2 |
| 100p | F.P. | – | 107p | 105p | Brit. Land 8½pc Cnv. Cap. Bds. 2011 | 106p | |
| 100p | F.P. | – | 105p | 93p | Evered 7.25p (Net) Cnv. Red. Prf. | 93p | -2 |
| ‡ | P/P | 29/11 | 38p | 30p | ‡Greenacre Group Cv. Rd. Prf. 70p | 30p | |
| 35 | – | – | 34½ | 29½ | Grosvenor Securities 8pc Cv Ln 2000 | 32½ | -2 |
| 100p | F.P. | – | 104p | 96p | TT Group 10⅞pc Cnv. Red. Prf. 1997 | 104p | |
| 100p | F.P. | – | 112p | 97p | Worcester Cnv Rd Cv Pf | 112p | +2 |

### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1990/91 High | 1990/91 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 15 | Nil | – | 2pm | 2pm | ¢Europe Energy 5p | 2pm | |
| 12½ | Nil | – | 1¼pm | 1¼pm | Ptarmigan | 1¼pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¢ Unlisted securities market. ◆ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

### TRADITIONAL OPTIONS

- First Dealings Feb. 18
- Last Dealings March 1
- Last Declarations May 30
- For settlement June 10

*For rate indications see end of London Share Service*

Calls in Anglia Sec'd. Homes, Atlantic Res., Bridgend, Chrysalis, Control Secs., Costain, Dares Ests., Embassy Prop., Euro. Leisure, Geers Gross, Hadleigh Inds., Next, Osprey Comms., Ossory Ests., Saatchi & Saatchi, Standard Chart'd., Throgmorton Trust and Tuskar Res. Puts in Costain and Sturge.



### LONDON TRADED OPTIONS

UK EQUITY futures led the stock market higher on the latest leg of the bull run which began when the Gulf war broke out in the mid-January. But by the close there were signs that the futures market believed that the stock market had moved ahead too quickly and could be ready for a period of consolidation.

The begining of the land war in the Gulf and the first reports of the Allies' advance initially drove the futures market higher. Traders believed that Wall Street would also react positively to the talk of a quick Allied victory.

Initially, the UK share market was cautious but when stock futures began rallying, equities followed their lead. Just before the US stock market opened the March FT-SE 100 index contract was around 25 points above the spot index. Brokers calculate March FT-SE need only trade 4-6 points above the spot index to reflect future dividend payments and the cost of finance.

However, once Wall Street began to give up early modest gains, profit-taking set in on the London futures market. Selling pressure had been greater than for many weeks, according to some dealers.

At one stage, March was trading at just 10 points above the spot index, which indicated caution was setting in. March closed at 2,352, up 14 points on the day. Its premium closed at 15 points.

In the traded options market turnover was higher on the day. But at 28,216 contracts, it still remained slightly below a level at which the market can collectively break even.

There were signs that despite the recent equity market rally, institutional investors were not adopting the traditional strategy of selling calls. Options specialists said this reflected an unwillingness on the part of institutions to increase their levels of cash at a time of falling UK interest rates.

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Alld Lyons (*521) | 460 | 74 | 81 | 92 | 3½ | 8½ | 11 |
| | 500 | 39 | 48 | 64 | 8½ | 20 | 23 |
| | 550 | 12 | 24 | 38 | 34 | 44 | 48 |
| ASDA (*137) | 120 | 21 | 26 | 28 | 2 | 4½ | 6½ |
| | 130 | 12 | 19 | 22 | 4½ | 7½ | 10 |
| | 140 | 6½ | 13 | 16 | 9 | 12 | 14 |
| Brit. Airways (*154) | 130 | 29 | 31 | 33 | 1½ | 4½ | 6 |
| | 140 | 20 | 21 | 25 | 5 | 9 | 10 |

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Utd. Biscuits (*373) | 360 | 22 | 33 | 42 | 11 | 13 | 16 |
| | 390 | 6½ | 16 | 25 | 31 | 32 | 35 |
| Unilever (*722) | 700 | 37 | 53 | 77 | 23 | 32 | 36 |
| | 750 | 15 | 33 | 51 | 54 | 58 | 65 |
| Ultramar (*322) | 300 | 28 | 40 | 45 | 9 | 11 | 14 |
| | 330 | 11 | 25 | 30 | 23 | 27 | 27 |

| Option | | Calls Mar | Calls Jun | Calls Sep | Puts Mar | Puts Jun | Puts Sep |
|---|---|---|---|---|---|---|---|
| Barclays (*392) | 390 | 12 | 25 | 32 | 22 | 28 | 35 |
| | 420 | 3½ | 14 | 20 | 47 | 50 | 53 |
| Blue Circle (*264) | 240 | 30 | 34 | 40 | 3½ | 11 | 15 |
| | 260 | 14 | 22 | 29 | 8½ | 18 | 23 |
| British Gas (*235) | 220 | 19 | 28 | 31 | 2 | 5 | 8 |
| | 240 | 5½ | 15 | 18 | 10 | 12 | 16 |
| Dixons (*173) | 160 | 18 | 26 | 30 | 3½ | 6 | 10 |
| | 180 | 5 | 12 | 18 | 11 | 16 | 19 |

## UK COMPANY NEWS

# Capital & Counties' net assets decline by 15%

By Vanessa Houlder, Property Correspondent

CAPITAL & Counties, the property group which is a subsidiary of South Africa-controlled TransAtlantic Holdings, yesterday announced a 15 per cent fall from 534p to 452p in net asset value for 1990.

Pre-tax profits increased by 3 per cent from £51.3m to £53m.

The result reflected the widespread problems in the industry, which has been severely damaged by an oversupply of buildings, high interest rates, the recession and a diminished institutional appetite for property investment.

The figures, which kicked off the property industry's reporting season, were not unexpected and the share price gained 1p to 299p.

The value of the company's completed properties dropped by £83.6m, equivalent to a 13 per cent fall.

This resulted from a 6.5 per cent fall in value for its shopping centres; an 18 per cent fall for its Lewis's department stores; a 14 per cent fall for West End offices; a 19 per cent fall for City and mid-town offices; and a 9 per cent fall in industrial properties.

The company made a provision of £58.7m against its development programme. This largely related to its new Bromley shopping centre, where costs have escalated.

Mr Ray Moorman, managing director, said he suspected that there would be no growth in the portfolio's value this year.

The results included a £500,000 provision relating to the receivership of the Lewis's department stores. However, Mr Moorman said the receivers, who have agreed to pay rent until the end of March, were in talks with potential tenants and he was optimistic that CapCo would receive the same lease terms as before.

Net property income rose by 16 per cent from £37.5m to £43.6m. The contribution from trading was £6.2m (£15.6m).

Borrowings totalled £563.4m; net debt was £454.9m. Interest of £50.2m was capitalised.

Earnings per share increased by 7 per cent to 25.3p. The dividend was increased by 10 per cent to 13.2p.

● COMMENT

The cocktail of provisions and downward valuations served by CapCo, the first property company to report its 1990 results, is a depressing taste of things to come. The growing vacancy rates, pressure on rents and the rise in yields to a level unprecedented in recent memory will poleaxe virtually every company's asset values. What is less clear is whether this story will be repeated during the current year. On the upside, yields are likely to stabilise and a fall in interest rates may feed through to values, particularly in retail property.

On the downside, rents will come under increasing pressure thanks to the recession and oversupply problems. A further depressant for CapCo is the hit on its profits as it gradually ceases to capitalise interest. With the unprecedented level of uncertainty in the market, there is no consensus on CapCo's likely figures next year.

But picking a middle path through the forecasts and assuming no asset growth, the shares are trading on a reasonable 34 per cent discount.

# Refinanced L&M's board quits

By Vanessa Houlder, Property Correspondent

LONDON & Metropolitan, the troubled property developer, yesterday announced the resignation of much of its board, along with details of its refinancing package.

Mr David Lewis, chief executive, Mr John Theophilus, finance director and Mr Peter Gibbon, retail director, are resigning from the board. Mr Norman Ireland, the former finance director of BTR who was appointed chairman in 1986, intends to step down by the end of September.

The refinancing package, which was announced yesterday, leaves L&M technically insolvent. However the Stock Exchange has agreed to relist the company, which argues that the working capital arrangements in the restructuring package provides a feasible basis for recovery.

The scale of L&M's problems were revealed by a valuation from Richard Ellis that showed that the value of its properties had fallen by almost 50 per cent.

The resulting write-downs in the portfolio resulted in a £84.0m exceptional loss.

The company's 14 banks have extended the secured element of their existing facilities until June 30 1992, by which time the company has agreed to sell a number of properties.

In addition, some of the banks have provided £18m in working capital until June 1992.

The banks have agreed to convert a total of £34.3m of unsecured debt into five year debt.

The banks will be issued with warrants, which will allow them to dilute the interests of existing shareholders by up to 15 per cent. In the event of a takeover, the warrants together with convertible redeemable preference shares will give the banks rights over the enlarged share capital up to a maximum of 49.9 per cent.

London & Metropolitan has been negotiating a rescue package since October, when the collapse of the consortium that planned to buy County Hall left it with losses of £7.8m. The shares, which were suspended at 8p, are expected to be relisted on March 21, following an EGM.

L&M also announced its interim results for the six months to June 30. It recorded an operating loss of £4.5m, compared with an operating profit of £3.9m for the first half of 1989. The pre-tax loss after interest and exceptional items was £88.8m, compared with a £5.6m profit the year before.

The loss per share was 153.8p compared with earnings per share of 7.4p in the first half of 1989.

# SE to examine deals in Bioplan

By Andrew Bolger

THE STOCK Exchange will hold an inquiry into dealings which yesterday saw the shares of Bioplan Holdings, the USM-quoted health care group, jump from 11p to 17p.

Only after the market had closed did Bioplan issue a statement saying it was in talks which might lead to an offer being made for the company.

Mr Peter Williams, a director of Bioplan, said the statement had been issued in response to the share price movement, but he declined to elaborate. At last night's closing price, the group had a market value of £24.3m, compared with £10m at the end of December.

Bioplan, which reversed into Cooks Industries and moved on to the USM last April, is a pioneer of "partnership" deals with health authorities.

It builds small private hospitals or day surgery units adjacent to existing NHS services (such as pathology and pharmacy) and shares facilities such as renal dialysis and anaesthetic units.

In January, three directors of Bioplan bought a total of 230,000 shares in the company, paying an average of 13p. Earlier that month a director had bought 100,000 shares at an average of 12p. Last summer a Bioplan director sold 250,000 shares in the company, at an average of 21p. In its first interim report in November, Bioplan announced pre-tax profits of £1.02m in the six months to September 30 on turnover of £6.97m.



# Floored by a generous cash offer

**John Thornhill** in London and **Robert Thomson** in Tokyo on the £65m bid for Daks

MR JOHNNY Mengers, the combative chairman of Daks-Simpson, the upmarket clothing retailer, professes a deep interest in the esoterics of Sumo wrestling.

And with his sturdy frame, slicked-back hair and pony-tail he looks as though he could give a good account of himself in the *dohyo*.

But it has not taken long for a hefty Japanese company in the form of Sankyo Seiko to wrestle Mr Mengers to the floor. The worst trading conditions for a decade and a grim outlook for the immediate future undermined his footing and a generous cash offer finally swept him off his feet.

Yesterday's £65m bid, which represented an exit multiple of 24.4, has already been accepted by the directors and family shareholders who together account for 65.3 per cent of the company's voting shares.

Sankyo needs acceptances for 75 per cent of the voting shares to win outright control and so the offer looks as though it will succeed without much trouble.

Sankyo's offer for Daks represents the latest example of a Japanese company seeking to take advantage of the depressed conditions in the UK to acquire an internationally-recognised brand name.

Last year, Renown, Sankyo's Japanese rival, acquired the Aquascutum fashion house for £74m. There have also been trading link-ups between Mitsubishi Corporation and Harrods and the Aeon Group and Laura Ashley.

Mr George Wallace, chief executive of Management Horizons, the retail consultancy, says: "Daks-Simpson has a brand that has esteem on a world-wide base but does not have the backing to develop it financially. What Sankyo brings to the company is the financial muscle and the will to expand the business on a significant scale."

Daks runs 20 stores in 14 countries and Mr Hideo Miki, president of Sankyo Seiko, said he was delighted to buy Daks which had "such a prominent international profile and reputation for high quality products".

Having publicly espoused the principle that "good sense knows no boundaries", Sankyo, a Japanese apparel maker founded as a silk exporter, is extending its own boundaries with the purchase of Daks-Simpson.

Sankyo has done well from Daks on the home market, and the purchase is motivated by the confidence that the international market could be just as lucrative. The company, which holds the master licence for the Daks brand in Japan, said sales of products under that label have risen from Y18.6bn in 1988 to Y23bn last year.

A Sankyo spokesman said the company was aware that the purchase of another famous UK name could cause controversy, but is hopeful that the acquisition will be recognised as an extension of a business partnership lasting more than 20 years.

"We have had great success with the Daks brand. The brand has a very high reputation among Japanese consumers and we are interested in achieving the same success in other markets," the spokesman said.

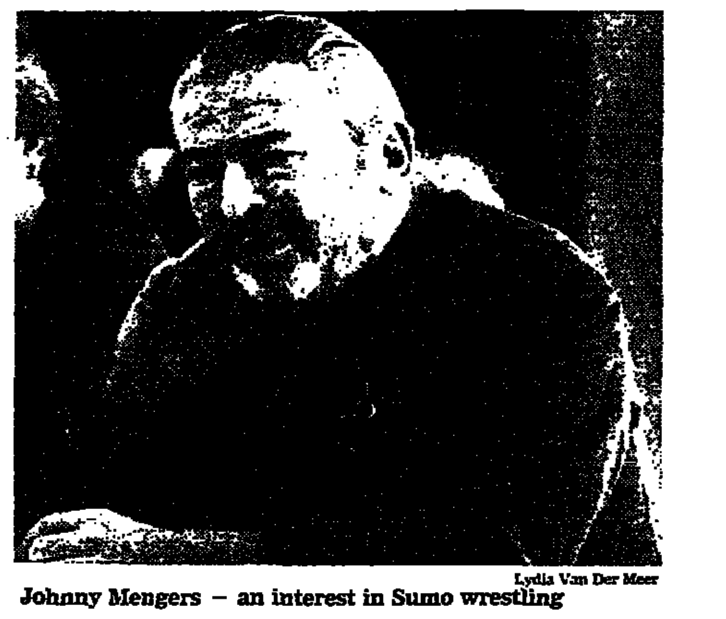
"We think this is different from the other purchases of British companies. We have been exchanging know-how since 1969."

Sankyo, based in Osaka, is an example of a common Japanese corporate contradiction – a reputedly staid company with a somewhat pretentious philosophy, but more recently, a fondness for the profits of property development and a wildly fluctuating share price.

The company, with large real estate holdings and a stable of quality brands, was a favourite on Japanese stock markets a year ago after the release of a corporate strategy that aimed to lift sales from Y120bn to Y200bn over the present decade.

But total sales are expected to fall back to Y100bn this year, with the company having withdrawn unprofitable silk lines. The downturn has prompted Sankyo, which exports about 7 per cent of production, to turn to foreign markets to fulfil its growing ambitions.

Although Sankyo is adding the Daks worldwide name to its portfolio of Japanese brand licences such as Umberto Ginocchietti, Leonard of Paris, Stefano Jofre, and Hang Ten products, the company claims that it is "beyond brands", and that "the time when people choose famous international brands" is nearing an end.



Lydia Van Der Meer

Johnny Mengers – an interest in Sumo wrestling

"We are approaching an age of individuality and diversification with the focus on a variety of lifestyles. Fashion that expresses one's feelings also makes a lifestyle statement, further stimulating the desire for fulfilment," the company suggests.

Run by the Miki family since its founding in 1920 and now headed by Mr Hideo Miki, the company has expanded into household furnishings and runs a boutique in a fashionable area of Tokyo, which itself is an important accessory for an Osaka company's domestic image.

Mr Miki is known for carrying a list of local sales staff in his pocket, enabling him to greet them by name, and has produced a small collection of the thoughts of President Miki. The thoughts range from his attitudes on personal pleasure to a prescription for corporate success.

"The name value of a company makes it easy to sell products. But when you want to sell more than just the name, it is important that the person involved in selling feels that he or she is actually selling their own personality," Mr Miki advised.

# Adult snacks help build up Bensons

By Michiyo Nakamoto

BENSONS Crisps reported an 8 per cent increase to £1.36m in pre-tax profits for the year ending November 24.

The increase from last time's £1.26m came as turnover rose 21 per cent to £21.97m (£18.18m).

Mr Malcolm Jones, chairman, said that in the face of tougher competition and overcapacity in the crisp and snack industry, the company's strategy was to focus on the higher margin businesses of adult snacks, organic crisps and private labels.

Crisp sales rose 16 per cent and private label products were particularly buoyant. Snacks turnover increased by 42 per cent. While the recession was taking its toll on some organic foods, Bensons increased sales of its Hedgehog organic crisps by 18 per cent.

The group continued to invest heavily in capital equipment, putting £654,000 into plant and equipment during the year. Nevertheless, efforts to reduce borrowings have brought gearing down to 5 per cent from a previous 31.5 per cent. Interest cover is 12 times.

The group's sound financial position will enable it to benefit from any acquisition opportunities that arise, Mr Jones said.

Earnings per share increased to 12.5p (11.9p) and the final dividend is raised to 2.18p, making a total dividend of 2.75p (2.25p).

# Birch resigns from Norweb

By Clare Pearson

MR PHILIP Birch, who was chairman of Ward White, the retailing chain, before it was bought for £900m in 1989 by Boots, the stores and pharmaceuticals company, has resigned as a non-executive director of Norweb, one of the 12 regional electricity companies floated on the stock market last December.

The company said he had resigned for personal reasons.

Mr Birch, 57, became a director in February last year, in an appointment made as part of Manchester-based Norweb's preparations for privatisation.

Norweb has been one of the electricity companies most keen to develop in retailing, the field where Mr Birch's past experience lay.

"This departure doesn't follow any quarrels or boardroom disagreements or anything like that," said Mr Brian Benson, company secretary, yesterday.

He said Mr Birch had been paid an annual fee amounting to between £10,000 and £15,000. He did not own any shares in the company.

Last autumn Norweb opened appliance shops outside its own area under a concessions arrangement with Do-It-All, the DIY chain which was created when Boots put the old Ward White Payless business into a joint venture with WH Smith's DIY operation.

During 1990 Mr Birch waged a lengthy legal battle over compensation due to him after Boots bought Ward White, which had shops selling car accessories and bicycles as well as DIY equipment. This culminated in Boots making him two £1m lump payments – much less than he had sought.

Mr Birch is also a chairman of Lombard Group, the public relations and recruitment company, and non-executive chairman of BZW Convertible Investment Trust.

Norweb's retailing division is expected to make a loss this year, although in the past it has been profitable.

# Acsis launches rescue package

By Michiyo Nakamoto

ACSIS, the heavily-borrowed marketing services and design consultancy company, yesterday announced substantial refinancing and restructuring proposals which it said were necessary to enable it to continue trading.

The package includes the conversion of about 30 per cent of its UK debt into equity which could give Midland Bank a stake of about 10-12 per cent in the company. Midland would convert £1.5m of loans into 29.6m new ordinary shares at 5p apiece.

The proposals also include the restructuring of earn-out payments due to the vendors of Nursing Management Services and an extension of the group's bank facilities. Furthermore, it is looking to raise about £2m through the issue of 82m new ordinary shares at 2.5p each. The proposals are subject to shareholders approval at an extraordinary general meeting to be held on March 21.

The restructuring involves disposal of HBA International, Imedia Group, including Media House and the ongoing business of the Elton Group of Companies. HBA is being sold back to its original vendors and employees at a loss of £4.9m less than one year after it was acquired by the group.

The companies being sold were all acquired in a recent acquisition spree which had pushed the group's debt level to about £14.4m by the end of January, against bank facilities of £16.5m.

Acsis announced yesterday that pre-tax profits for 1990 fell 28 per cent to £5.3m (£7.4m). Turnover rose to £54.6m (£31.7m).

The bulk of extraordinary losses of £6.1m were related to the restructuring. Earnings per share declined to 3p (5.4p) and the final dividend is passed (0.7p), leaving shareholders with 0.4p for the year (1p).

The group's accounts were qualified by Price Waterhouse, its auditors, on the condition that the restructuring and refinancing were completed.

# Eagle Star mortgage warning

By Richard Lapper

EAGLE STAR, the insurance arm of BAT Industries, confirmed yesterday that it has noticed a sharp deterioration in its mortgage indemnity insurance book of business since the beginning of 1991.

The company said that provisions against losses on mortgage indemnity policies in force during 1990 could be increased by as much as 100 per cent.

"The scale of jumpiness among lenders is becoming more and more apparent," Eagle Star said yesterday.

Partially in response to market concern Eagle Star is bringing forward its announcement of annual results by about three weeks and will announce 1990 figures on Thursday.

Mortgage indemnity insurance covers lenders against losses incurred as a result of defaults on property loans. Last December Eagle Star reported total provisions against future claims on its mortgage indemnity book of £200m, of which between £65m and £75m related to potential claims arising on policies in force during 1990. The company said that total provisions - on business written since 1986 - will now be at least £225m and could amount to as much as £275m.

There has been an increase in claims on indemnities covering homeowners' mortgages, reflecting the growth in the number of building society repossessions in recent weeks. Total provisions have been increased by up to £13m compared to between £6m and £8m at the end of last year.

The main impact here has been a "knock-on effect" on indemnities involving developers' troubled residential and commercial property projects. Provisions against losses on this business account for over 90 per cent of the total. Total exposures (net of reinsurance) in these two areas amount to £700m.

The company stressed that the mortgage indemnity policies were insurance policies rather than guarantees and that in the case of material non-disclosure by the insured an insurance policy is void.

## NEWS DIGEST

### Panfida to refinance US arm

PANFIDA, the retail group struggling with a heavy burden of debt, is cutting its borrowings by refinancing TOC Retail, its US convenience store chain, writes Maggie Urry.

The refinancing will involve Panfida, in which Mr Rupert Murdoch's News International holds a 31 per cent stake, issuing 8m new shares.

Under the deal DLJ Bridge Finance, one of TOC's main lenders, will cut its loans to TOC from $64m to $47m (£24.3m), in return for a 25 per cent stake in TOC's holding company and the 8m Panfida shares. Panfida will then be freed from a requirement to buy $10m of TOC's debt from DLJ.

The deal is conditional on TOC getting a $20m letter of credit and repaying $30m of DLJ's remaining debt. Bankers Trust is expected to provide the letter of credit.

TOC is trying to sell its 390 stores to cover the $30m debt repayment. Last autumn it sold 127 stores in Florida for $82.5m. If the sale does not go through, however, another refinancing will be needed to repay the $30m, although this would not involve Panfida becoming liable for the debt.

### Irish Contl in talks over B&I purchase

Irish Continental Group, the parent company of Irish Ferries, has confirmed that it has been in discussion with the Irish Government concerning the acquisition of the state owned B&I ferry company.

B&I, along with Sealink, operates passenger ferries between Britain and Ireland where as Irish Continental runs between Ireland and France. Though B&I made operating profits of I£1.8m in 1988 and I£2.8m in 1989, the company is saddled with accumulated losses which stood at I£128.5m at the end of 1989.

The government has been involved in discussions with a number of parties concerning the future of B&I.

### Lasmo finds gas in Pakistani trial well

Lasmo, the UK independent oil company, announced yesterday that 29.3m cu ft a day of gas had flowed from one of its appraisal wells in Pakistan.

A similar quantity of gas flowed from another Lasmo appraisal well in the same area in September. Lasmo, which holds 35 per cent of the concession with Pakistani partners, said it would seek early approval from Pakistan's Government for development of the concession.

### BCE pots the black with £11,000

BCE Holdings, the USM-quoted sporting equipment, snooker and gambling company, reported an £11,000 profit before tax for the six months to September 30 1990, against a £1.16m loss. Turnover was down from £94.98m to £2.36m.

Earnings per share came out at 0.04p, up from losses of 4.16p.

### Nesco Investments edges into the black

Nesco Investments, which has interests in warehousing, computer services, electricity supply and the motor trade, turned a £234,000 pre-tax loss into profits of £22,000 in the half-year to December 31. Turnover fell from £5.56m to £2.85m.

The half-year profit was, however, largely accounted for by the reduction from £246,000 to £27,000 in losses of discontinued or sold businesses. Continuing businesses increased their profits to £49,000 (£12,000).

Earnings per share came out at 0.7p (5.1p losses).

### Dixons buys back 21% of concertible

Dixons, the electrical retailer, said that it had bought back 20.8 per cent of its £68m 6.75 per cent convertible bond issue.

The company said that it purchased bonds with a face value of £14.15m at a price of 67p.

This suggests that the company spent £9.48m on the operation, which was financed by a new committed lending facility. Cazenove, the stockbroker, acted as Dixon's agent.

### Maxiprint reduces losses to £128,000

Maxiprint, the USM-quoted company which is changing its field of activity from photography to communications software, cut losses from £387,000 to £128,000 pre-tax in the half-year to November 30 1990.

Mr Antony Ebel, chairman, said that the period under review had been eventful. A placing, a rights issue and management changes were announced in June; some interests of Maxiprint Systems were acquired by Maxifoto, another subsidiary, and there were reductions in personnel and operating costs; and, at the beginning of November, Intercom Messaging Sales, a telecommunications software company, was acquired.

Since the year-end Ultima Systems (formerly Maxiprint Systems) and Maxifoto have been sold.

Turnover rose to £239,000 (£74,000) and losses per share were reduced to 0.38p (2.48p).

# Low & Bonar rises 14% to £25m

By Jane Fuller

STRONG PROFIT growth in continental Europe helped Low & Bonar, the Dundee-based plastics and packaging company, to increase pre-tax profit by 14 per cent to £25.2m last year.

The increase, from £22.1m, came in spite of a fall in turnover to £310.9m (£313.5m) following the disposal of low-margin businesses and a fall in North American demand.

The improvement in earnings per share, from 18.45p to 19.71p, was restricted to 6.8 per cent by a rising tax rate and a doubling of minority charges to £1.9m.

With the results fulfilling forecasts laid down a year ago, Bonar's share price gained 10p to close at 206p.

Mr Roland Jarvis, chief executive, said the most dramatic growth had come in continental Europe, which contributed £7.5m (£5.5m) to operating profit.

This part of the business had been "built up from nothing in 1985," but growth could not be expected to continue at the same rate.

The continent accounted for nearly 28 per cent of operating profit, compared with 42.4 per cent in the UK, 28.3 per cent in Canada and 1.5 per cent in the US.

Packaging remained by far the biggest area of activity, with nearly two thirds of sales and profits.

Alan Harper

Roland Jarvis – the most dramatic growth in operating profits came from continental Europe

In the UK, profit improved by more than 25 per cent to £7.9m (£6.3m), while in North America, a flat performance in Canada was enhanced by a turnround in the US.

Plastics fell into the red in the UK and the US. About £500,000 had been lost during the start-up phase of a new Sheffield factory and the US business had been hit by recession.

On the specialist materials side, Mr Jarvis said UK profit only slipped to £3.7m (£4m) in spite of a near 20 per cent fall in the floorcoverings market.

The non-woven business, which has developed products for the feminine hygiene and floppy disc sectors, had lost about £1m in 1990, but was expected to start making a profit this year.

Although the group was not affected by currency movements in 1990, it warned that the weakening of the Canadian dollar could cut £1m from profits this year.

Interest payments fell to £1.7m (£2.3m). Year-end gearing came down from 16 to 12 per cent, in spite of £25m capital spending.

A final dividend of 6.4p makes a total of 9.1p (8.25p).

● **COMMENT**

Low & Bonar, which has been labelled a "jam tomorrow" company, had reason to be pleased at producing some of the sweet stuff in these results. The highlights included margin improvements, an even stronger balance sheet and a welcome dividend increase. Bonar pointed to £100m of capital spending over the past five years to reduce unit costs and increase its ability to add value.

A more cynical view, coloured by disappointing performances in 1988 and 1989, is that the return on that £100m has been unimpressive. And while Bonar's recession-resistance has been proved, the jury is out on whether it will become a serious growth candidate when the UK and US economies pick up. A forecast pre-tax profit of £27m this year gives a prospective p/e of 10. Even the cynics think the stock is worth holding on this rating.

# Capita surges 65% to £2.51m

By Peter Franklin

CAPITA GROUP, a provider of management services to the public sector, reported a 65 per cent improvement in pre-tax profits from £1.52m to £2.51m in the year to end-December.

The result was struck on turnover more than doubled at £20.07m (£8.71m).

In June 1990 Capita acquired JE Greatorex & Partners, a building services consultancy, and in January this year the company formed a managed services division, which won a contract on behalf of the Driver and Licensing Agency.

Mr Rod Aldridge, chairman and chief executive, said all five divisions had performed strongly and the bulk of the group's growth had been organic.

The board attached much importance to prudent management of the balance sheet, he said, and Capita had avoided incurring borrowings for either working capital or acquisitions. Consequently, the group's cash balances had risen by £1.9m to £3m by the year-end, and net assets had risen 31 per cent to £2.6m.

The recommended final dividend of 3p (1.5p) makes a total for the year of 4.5p (3p), and comes from earnings per share up from 10.39p to 13.7p.

# Mersey Docks and Harbour moves ahead to £10.8m

By Ian Hamilton Fazey, Northern Correspondent

TAXABLE PROFITS of The Mersey Docks and Harbour Company leapt to £10.8m in 1990 as the port continued to benefit from the abolition of the national dock labour scheme in 1989.

The increase from last time's £4.94m came on turnover up 11 per cent at £59.59m (£53.7m).

The 1989 figure contained extraordinary costs of £3.4m associated with a strike following abolition of the scheme. Taking this into account, the real improvement on 1990 is 29.4 per cent.

Total cargo through the port grew by some 14 per cent to 23.1m tonnes. Mr Bill Slater, chairman, said that the company would continue to concentrate on bulk operations, leaving general cargo activities in the hands of small independent stevedoring businesses established since the scheme was abolished.

Liverpool's freeport, Britain's largest, continued to be successful and Mr Slater said that joint ventures in property development also continued. Conversion of disused Waterloo Dock warehouses into luxury apartments by Barratt, the building group, had won two awards.

Earnings per share rose from 8.22p to 17.29p. A proposed final dividend of 3.3p gives a total of 5p (4.16p).

The company's biggest single shareholder is the government, with over 20 per cent.

# Sweeter taste at Northumbrian

By Graham Deller

NORTHUMBRIAN Fine Foods has developed an appetite for products to suit a sweeter tooth; and Mr Richard Adams, ebullient chairman of the former health foods group, said its revamped operations should result in a profit for the current year – the first since 1988.

Flapjacks and bakewell slices produced by Country Fitness Foods, in which Northumbrian acquired a majority stake last October, were complementary to some of the group's fastest growing lines, he said.

"The group is now in a strong position financially with no overdrafts and cash in the bank. It is gratifying that at last the company is trading profitably", Mr Adams stated.

The USM-quoted group last week sold its loss-making Danish Natural Foods subsidiary – which makes muesli – to an unnamed buyer. Northumbrian will receive £1.3m and the purchaser is also assuming borrowings of £1.4m. "This is a great deal", he said. Gearing would fall to 16 per cent following the sale; a year ago it stood at some 170 per cent.

The statement accompanied Northumbrian's figures for the six months to September 30 which showed a taxable deficit of £364,600 (£92,200). However, this included losses of £116,000 from non-continuing activities and a substantial slug of non-recurring interest charges. Operating profits amounted to £89,100 (£169,100).

Interest payable amounted to £337,700 (£311,700). Mr Adams said that following the sale of Danish Natural Foods, interest charges would fall to about £250,000 for the whole year.

Turnover amounted to £3.49m (£3.35m). Losses per share emerged at 2.7p (1.2p), but the interim dividend is held at 0.75p.



# Discounted debt behind Norex's advance to £3.56m

By Clare Pearson

NOREX, the shipping and insurance company, continued to benefit from its purchase of $68m discounted oil rig debt in the six months to end-December, with pre-tax profits leaping from £1.12m to £3.56m.

The company said the advance reflected higher than expected income of the rigs on which the debt is secured. Under a pay as you earn arrangement, these are used for debt repayment.

Norex's US subsidiary acquired the debt in 1989 from bankers of Global Marine, a rig-building company held under Chapter 11 bankruptcy proceedings.

Earnings per share rose to 14.67p (6.9p). Norex, which returned to the dividend list for the first time since 1983 with a 1p final payment last year, is not recommending an interim dividend.

The profits improvement was achieved on turnover up from £13.08m to £17.86m. It came after much higher interest charges of £2.68m (£101,000), reflecting dollar borrowings taken out to finance the purchase of debt.

Mr Kristian Siem, chairman, said he was "most confident" about the results for the full year. Norex America was expected to maintain its performance during the second half.

In the UK, the insurance broking business performed slightly ahead of the plan for the year. Mr Siem said: "We have seen the beginning of a stronger insurance market which should improve the profitability of our existing business over the next few years."

The company continued to look for acquisition opportunities in shipping and insurance. There was a £265,000 extraordinary debit for arbitration costs arising from the sale of the cruise business in 1989.

## Petrochemicals set for overcapacity

All sectors of the petrochemicals market, including plastics, are going to be hit hard by overcapacity next year, according to a new analysis by County Natwest Securities.

In a pessimistic report, Mr Mike Crawshaw, the company's oil analyst, and Mr Ian John, chemicals analyst, call the improvement in petrochemical profitability over the past two months "a false dawn".

Short-term prospects have improved because the price of chemical products has fallen faster than the price of the feedstock oil, they say, but in fact "the market is not rising but falling out of bed".

## Armour Trust

Profits of Armour Trust, a confectionery manufacturer and car accessories distributor, slipped from £1.16m to £966,000 pre-tax for the half year to October 31 1990.

Turnover totalled £10.9m (£10.25m) and earnings were 2.36p (2.81p). The interim dividend is raised to 0.3p (0.275p).

## SG Warburg

SG Warburg has created a new subsidiary in Germany through which it expects to channel its future growth activities in that country.

The new company will evolve alongside Warburg's existing German subsidiary Berwein which will continue to specialise in share trading.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Acsis ......fin | nil | - | 0.7 | 0.4 | 1 |
| Armour Trust ......int | 0.3 | June 14 | 0.275 | - | 1.35 |
| Bensons Crisps §......fin | 2.15 | Apr 29 | 1.65 | 2.75 | 2.25 |
| Capital/Counties......fin | 7.2 | Apr 30 | 6.75 | 13.2 | 12 |
| Capita ......fin | 3† | May 13 | 1.5 | 4.5 | 3 |
| Chieftain Grp § ......fin | 2.7 | - | 2.7 | 4.6 | 4.5 |
| Heavitree § ......fin | 2.45 | Apr 18 | 2.45 | 4.05‡ | 3.05 |
| London & Metro ......int | nil | - | 2.4 | - | 6.65 |
| Low & Bonar ......fin | 6.4 | May 8 | 5.85 | 9.1 | 8.25 |
| Mersey Docks ......fin | 3.3 | - | 2.83 | 5 | 4.16 |
| Northumbrian § ......int | 0.75† | Apr 15 | 0.75 | - | 1.5 |
| Vickers ......fin | 6.2 | May 10 | 5.6 | 9.9 | 8.9 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Includes special bicentenary of 1p.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Consolidated Plantations, Microfilm Reprographics, River & Mercantile Smaller Co's Trust.

Finals- British Aerospace, Campari Intl, Hewitt (J), Kalon, Pacific Assets Trust, Sedgwick, Unilever.

FUTURE DATES

| | |
|---|---|
| **Interims-** | |
| Barratt Developments | Mar. 28 |
| Interlink Express | Mar. 5 |
| Pifco | Feb. 27 |
| Principal Hotels | Mar. 7 |
| Raine Inds | Mar. 5 |
| Tor Inv Trust | Mar. 1 |
| Waterman Partnership | Mar. 1 |
| **Finals-** | |
| Admiral | Mar. 5 |
| Aegis | Mar. 5 |
| Baynes (Charles) | Mar. 7 |
| Bowthorpe | Mar. 20 |
| Bunzl | Mar. 27 |
| Edmond | Mar. 14 |
| Greenwich Comms | Feb. 28 |
| Johnston Press | Mar. 26 |
| Ladbroke | Mar. 7 |
| Lancashire & London Inv | Mar. 28 |
| London Forfaiting | Feb. 28 |
| Nichols (JN) (Vimto) | Mar. 7 |
| Pelon | Mar. 27 |
| Sale Tilney | Mar. 7 |
| Sanderson Murray & Elder | Feb. 28 |
| Simon Engineering | Mar. 13 |
| Takare | Mar. 14 |
| Templeton Galbraith | Mar. 8 |
| Ultramar | Mar. 7 |
| Wyevale Garden Centres | Mar. 5 |

## TECHNOLOGY

# Edinburgh climbs up the technopole

By James Buxton

Do science parks really achieve the synergy between industry and academe which is claimed for them? Edinburgh University believes that they do not, and is developing an alternative project based on the technopoles, or science cities, of France.

Edinburgh University does not have a science park, unlike the other university in the city, Heriot-Watt – a point which may colour its views. Mike Weber, who runs Unived, a company dedicated to marketing the university's expertise and inventions, says that most science parks are really just business parks where companies come to get cheap land.

"Instead of long-term partnerships between companies and academic institutions," Weber says, "very few people on science parks have contact with the adjacent university. Most companies on science parks are small and their main interest is in surviving, not in research and development. It's big companies that are likely to become involved in R&D, and you don't tend to find them on science parks."

Instead Edinburgh wants to achieve the original aims of the science park idea through what it calls a technopole or science city. The heart of it will be the university's estate at Bush, just south of Edinburgh at the foot of the Pentland Hills, *where a number of* university-related research organisations are already housed, such as the Scottish Centre for Agricultural Engineering and the Institute of Terrestrial Ecology.

Large companies would be encouraged to locate R&D centres at the core of the Bush estate, which covers 2,300 acres, of which 200 are being set aside for the technopole. These organisations would have strong links with academic institutions.

There would be a residential training centre at the core where companies could send staff for courses, operated either by themselves or by the university. It would provide 75 beds and cost £7m. There would be an incubator unit – a kind of rent-a-laboratory – for small companies closely associated with the university, such as those run by academics themselves.

Businesses, large or small, having less to do with the university but with a scientific bent, would be housed within a few miles on satellite sites provided by Midlothian district council, the local authority. Any business which became part of the technopole would be able to use its central services, such as computer and sports facilities.

The concept owes something to the technopoles of France, particularly Sophia Antipolis on the French Riviera between Nice and Cannes. More than 160 companies have settled there over 20 years, including *Digital Equipment, Dow Chemical* and Telemecanique. Altogether there are 700 businesses and institutions employing 12,500 people.

Already one Japanese and one US multinational company (both unnamed but each said to involved in fundamental research) are negotiating with the university, as is a leading UK research institution. A few local technology-based companies have also expressed interest in the technopole concept.

The first step will be building the training centre, funded by the public-sector partners and, it is hoped, with private-*sector finance*: this is envisaged as a potentially profitable operation, which would also alert companies to the *existence of the technopole.*

"I'd like to get, say, 30 engineers from a company of the calibre of International Business Machines to come for an initial three-day course and introduce them to the university's artificial intelligence people. I would hope that we could in due course do some research with them," says Weber. "Eventually a company like that might locate a research operation here."

The university sees the technopole both as a way of preserving its existing research business (it claims to be among the top three UK universities in terms of research effort, spending £26.5m last year, with strengths in IT and medicine) and of challenging its academic rivals more effectively in an increasingly competitive arena.

Dave Madden on the strategy behind Andersen Consulting's business integration centres

# Models of modernity

You're pushing a shopping trolley. As you pass the infra-red transmitter in the ceiling above you, the video screen mounted on the cart's handlebar flashes a bargain promotion. If you are lost the same screen shows you where you are on a store map, and its item locator will help you navigate the supermarket aisles.

No, you're not in Disneyland, nor on the set of Tomorrow's World. You're not even in a real supermarket. You are in the offices of an international business consultancy, a firm twinned with one of the world's biggest accountancy practices.

If that sound improbable, then imagine its other sites across the US. You can be admitted to a Hospital of the Future – complete with smart card admission, bedside expert systems support, digitised radiography and doctors' handwriting recognition systems.

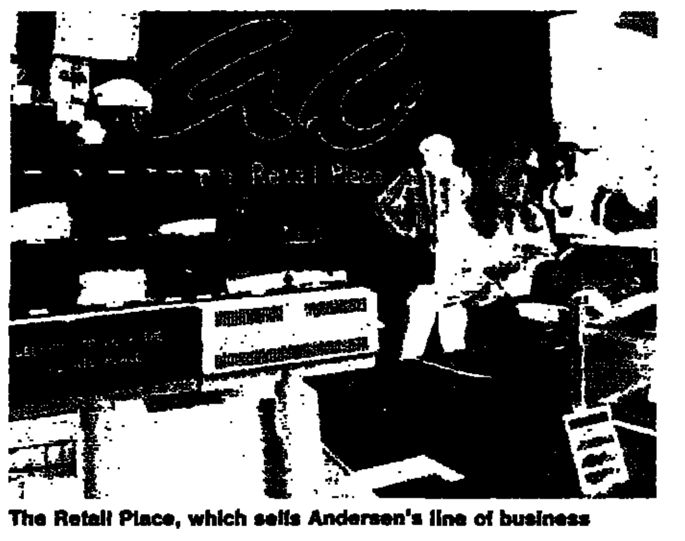
Or you could see one of the most compelling models of *computer-integrated manufacturing*, which designs, manufactures and packs a personalised gift for you, without intervention of the human hand, in the time it takes to examine the demonstration.

Just what has management consultancy come to? The culture shock is part of the point. These tableaux are all from Andersen Consulting's Business Integration Centres, and they reveal a most determined effort to convey complex technological messages to business.

The concept is simple: the centres house permanent exhibits which seek to demonstrate how technologies – some recognisable, others futuristic – could be combined in work environments. The *exhibits are then surrounded* by the consultant's more conventional trappings, the video studio and conference room.

But here any similarity to the trade exhibition stand ends. In Atlanta, for example, the 17,000 square feet exhibit, called Logistics 2000, simulates the whole logistics pipeline – sales and customer service to transport planning – of a technically sophisticated distribution company.

Not surprisingly, the exhibits represent a colossal and continuing investment. Logistics 2000 cost Andersen around $2m to put together. The technologies it demonstrates, from marketing support software to warehouse vehicle mounted terminals, come from some 20 participating suppliers, or Alliance Partners, as Andersen dubs them and are worth a further $5m. Similarly, HOTFut, Andersen's Hospital of the Future in Dallas, cost close to $15m – before running and staffing costs.


The Retail Place, which sells Andersen's line of business

Andersen has nine exhibits across five centres, four in the US and one in Brazil, with plans to bring the formula to Europe in the near future.

*But are these centres any* more than a self-indulgent marketing gimmick? Andersen argues that it has had to make such a big commitment to crack a fundamental problem.

The gap in understanding between technologists and business managers may be a cliché, but it is still a strong argument. As technology becomes an increasingly complex, expensive, yet critical, investment, bridging that gap becomes ever more imperative. "The real value of these centres," says Doug Ryckman, head of Andersen's worldwide health care practice, "is that they establish proof of concept. They demonstrate our vision of just what can be done."

That message is business integration, and has evolved from Andersen's traditional systems integration – taking discrete pieces of technology and making them work together for a customer.

"It dawned on us that systems integration was a very limiting view of the problem," says George Shaheen, worldwide managing partner.

One paradoxical consequence of this shift, Shaheen *claims, is that general management* consultancy is a dead game. "You can no longer just sell the wisdom anymore. Directors want more than another consultant's report, even if it is bound real pretty."

It is the desire to be seen to be able to implement, to integrate technologies within a business context that drives the business integration centre programme.

"We are going to market exposing the business integration advantage. That is not necessarily understood, and we are going to have to throw some money at educating the public to approach their information and technology problems in that way," Shaheen concedes.

The centres leave no doubt about Andersen's ingenuity as an integrator. The Hospital of the Future, for example, has 16 areas representing different departments: admission, intensive care, radiology etc. all built around a $7 million prototype network, an implementation of the Health Level 7 communications standard. This knits together products from some 40 different suppliers, from Hewlett Packard to Johnson and Johnson.

The open architecture allows previously discrete systems to share the same information – a particular diagnosis and prescription in one cell generates an order in the pharmacy, and updates medical records and bills automatically, for example.

But this sort of integration gymnastics is never allowed to stray far from the business message. Cost reduction, decentralisation and the need to release medical staff from administration to improve care standards are driving the health-care business the world over, Ryckman argues.

The significance of open *architectures to hospitals is* that single-vendor solutions have palpably failed to deliver. The open network lets departments invest in the kit that is best for them.

Similarly the warehousing technology in Logistics 2000 is entertaining, but the exhibit's basic point is that competitive pressures are forcing companies to look further back up their logistics chains to sustain margins and growth.

Dave Crow, partner in charge of the exhibit, comments that Logistics 2000 confronts some cherished truths in the distribution business: that improving service is expensive and that companies are in competition with suppliers. "The fact is that technologically *sophisticated distribution* processes are becoming key to customer loyalty," he says.

Whatever Andersen's motives these centres seem to have touched a cord. Smart Store 2000, the supermarket and food processing industry model, had more than 13,000 visitors last year, including Marks and Spencer and Tesco from the UK. In its first four months HOTFut entertained 3,000 people from 38 countries. "You need to book four months in advance to get in," comments Ryckman.

Perhaps the best compliment for the Andersen scheme comes from one of its own customers. After a visit to the Andersen centres, retailing giant Sears built its own smart store, called Sears Advantage in Chicago, to show off its own technology to staff.

# The drawbacks of home-made IT

By Alan Cane

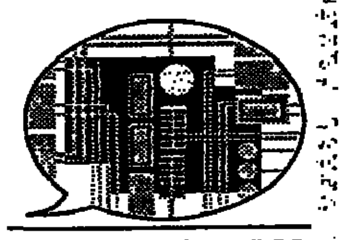
We are entering the era of the computer-integrated company (CIC). According to the London-based consultancy Ovum, which coined the term, the CIC provides a platform for developing business computer programs which can be moved from machine to machine, reused without rewriting and which are accessible across an organisation by whoever needs them.

It supports the transfer of information between computer systems without the need for human intervention whether for translation, coding or simple physical transport. It provides, Ovum says, mutual communication between all the *organisation's staff and also* with suppliers, customers and business partners as required.

Such a company will have an enhanced ability to compete in time and to add value to the organisation's products and services: "Achieving these benefits will be essential to organisational success and even survival in the 1990s' environment of global competition," says Tim Johnson, Ovum chairman.

Progress towards the CIC, however, is not likely to be smooth. There is no great argument about the importance of information technology as an aid to competitiveness. According to a new survey carried out by the consultancy P-E International for the Computing Services Association (CSA), the *trade group for UK-based computer* software and services organisations, more than 90 per cent of major British companies saw IT as both strategically and operationally important. The list of respondents includes Alfred McAlpine, Calor Group, Halifax Building Society and the Rover Group.

There is, on the other hand, profound disquiet about the costs of IT. It is already high and rising. For many businesses it is now between 1 and 5 per cent of sales. In a minority of cases, the CSA study shows it is more than 10 per cent of sales. Confirming Ovum's view that companies would continue to spend heavily on IT, more than half the companies said that the proportion of their revenues devoted to IT would rise in the next three years.



**TECHNICALLY SPEAKING**

A high proportion of chief executives are still disappointed with the contribution IT makes to their business while nearly one third of chief executives questioned in the CSA survey were unable to express confidence in their in-house IT department's ability to meet the demands of the next few years.

The survey reported opinions, of course, rather than facts. Nevertheless, there is plenty of evidence that companies are looking for ways to cut the costs of IT while losing none of the benefits. The CSA study was designed to test attitudes to buying-in IT from outside suppliers, an approach it obviously encourages and endorses.

The results were at least partly comforting for CSA members. They showed that both chief executives and IT directors were satisfied with the quality of services bought in, valuing particularly the *specialist knowledge and technical* skills available from computing services companies, their flexibility and versatility and the opportunity to control costs.

On the other hand, while agreeing the quality of the services available, it was obvious that they believed the cost, whether controlled or not, was too high. The CSA says that bought-in services offer better price performance than those obtained in house but members clearly have yet to convince their customers of the truth of their argument.

There is a long way to go before companies routinely buy computer services from outside in the same way they buy advertising, design or electricity. The CIC is still likely to be built from the inside out rather than the outside in.

## COMMODITIES AND AGRICULTURE

# Brussels aims to rein in runaway farm spending

By David Gardner in Brussels

DETAILS OF EC agricultural prices for the 1991 marketing year have started to emerge, and as expected they add up to an attempt to rein in runaway farm spending by tightening the Common Agricultural Policy rather than reforming it.

After a 16-hour meeting on Sunday of the European Commission, cuts of various sorts had been agreed in the degree of EC support for cereals, oilseeds, sugar, beef, milk and tobacco. The aim is to prevent the budget from exceeding the binding "guideline" on spending, which it will if price support spending stays on its current trajectory towards a record Ecu33bn (£23.6bn), up nearly a third on last year.

The commission was still debating what is expected to be an across-the-board cut in cereals prices last night. But on Sunday it agreed on an increase in the so-called co-responsibility levy – a sort of production tax on cereals – from 3 to 5 per cent. This backdoor price cut appears to indicate that it will not impose a generalised 3 per cent cut as "stabilisers" – the penalty on overproduction introduced in February 1988. Provisional figures indicate that cereals output last year fell just below the 160m-tonnes threshold that triggers the cut.

A cut of 7 per cent on hard wheat has been agreed and the premium for producing quality rye is to be abolished. But the commission has yet to tackle the major cereals expenditure items like common wheat and maize. Cereals price support spending is forecast by the commission to rise from Ecu5bn this year to Ecu7bn in 1992, unless supply is curbed.

Oilseeds, where spending this year was set to reach Ecu3.4bn, are to have their prices cut by 3 per cent and the intervention price for sugar, which would cost the EC Ecu2bn in 1991 on latest estimates, is to be cut by 5 per cent. The milk quota is to be cut by 2 per cent, officials say, with probably a 3 per cent cut in price. The cost of milk and milk products to the EC budget was set to reach Ecu6bn.

As expected, the commission will propose abolishing the "safety net" for beef, which, because it commits the EC to buying in almost limitless surplus produce, has led to a huge rise in the beef "mountain". As a reinforcing measure it is also expected to lower the ceiling on the amount of beef that can be bought in and stockpiled to 225,000 tonnes from 235,000 tonnes. Beef stocks last year tripled to about 600,000 tonnes and are now thought to stand just short of the historic high of 800,000 tonnes. The cost of supporting beef prices has almost doubled to Ecu4.3bn.

The steepest cut the commission has so far agreed is of 15 per cent on tobacco, on which the EC spends Ecu1.3bn in price support.

All these cuts and adjustments are expected to be endorsed by the commission tomorrow and submitted to farm ministers from member states at what is likely to be a stormy European Council meeting next week.

# Polish coal shipments threatened

By Christopher Bobinski in Warsaw and Gerard McCloskey

THE POLISH government has suddenly intervened in the country's coal exports in a way that could threaten a collapse of shipments. Weglokoks, the state exporter, has been told that export licences for the first three months of this year will be limited to 1.9m tonnes.

If this clampdown on one of Poland's main export commodities remains in place, coal shipments will fall to less than a third of the 1990 level. In January 1.1m tonnes were moved, allowing Weglokoks just 800,000 tonnes in licences this month and next.

The government's move comes partly as a result of a sharp decline in Polish production and partly because of a loosening of price controls on coal sales within Poland. Combined with a 64 per cent rise in rail rates for moving coal to the export ports on the Baltic and a 20 per cent export levy, this has led to much better returns for the mines by diverting coal on to the domestic market. Up to US$14 a tonne more can be realised through sales within Poland than through exports.

Just as production has been falling Polish demand has shot up with the return of severe weather after three mild winters. Pithead stocks amount to only 850,000 tonnes (compared with 9.2m tonnes at UK pits) and power station stocks are only 2.35m tonnes – less than 10 per cent of the 29.4m tonnes held in the UK. In the most extreme case, the operator of a power station in north Poland is considering importing coal.

The ending of paper rouble trading for eastern bloc exports on January 1 is expected to result in a sharp shift in Polish exports away from many of its former trading partners either to the West or to its neighbours, notably Czechoslovakia and east Germany. This was already foreshadowed in last year's sales to Rumania, which fell 91 per cent to 112,800 tonnes. Exports to the Soviet Union, which fell by 1.4m tonnes to 8.6m tonnes, are expected to drop further this year, possbly by 3m tonnes.

Weglokoks and its customers are hoping that sales will not fall permanently to 2m tonnes a quarter and that intervention will be only temporary to try to secure electricity supplies.

# Mexico condemns US ban on its tuna

By Damian Fraser in Mexico City

A US federal court decision last week to reimpose a ban on Mexican tuna fish exports has been condemned by the Mexican government, the country's fish industry and just about all its newspapers. The embargo will not, however, affect the two countries' coming free trade talks, according to a report by Notimex, the official government news agency.

The US appeal court upheld an October embargo on Mexican tuna fish exports on the grounds that Mexico's catching methods involved excessive killing of dolphins. In 1990 Mexican tuna fishermen are alleged to have killed 100,000 dolphins, whereas the US fleet kills about 13,000 annually. US law currently prohibits imports of tuna from any country whose tuna fleets kill 1.25 times as many dolphins as US vessels.

Mexico's fisheries ministry said it was "shocked and disappointed" by the decision and the country's trade ministry will be making a formal complaint to the US. The foreign relations ministry fumed that "no country has the right to impose judgments on others, still less to impose sanctions on it".

The embargo will have a limited economic impact. The 10m tonnes of tuna fish sold by Mexico to the US is only worth about $1.5m a year, about 12 per cent of total sales.

The Mexican government will not allow foreign observers aboard the country's tuna boats, as demanded by the US.

# Wool prices fall 35.5% at sales in Australia

By Bruce Jacques in Sydney

AUSTRALIAN WOOL prices fell by an average of 35.5 per cent yesterday in the country's first "free market" wool auction for 17 years.

Yesterday's auctions, in Sydney and Adelaide, were the first since the federal government suspended the wool floor price scheme amid a blaze of industry controversy early in February.

The Australian Wool Corporation's indicator price at today's auctions was A$4.54 (£1.80) a kilogram (clean), compared with the previous corporation-supported floor price of A$7, and a high proportion of offerings were passed in.

Of the 26,414 bales offered, only 55.7 per cent was cleared in Adelaide and 74.5 per cent in Sydney. A corporation official said yesterday that bidding was hesitant and dominated by European and local mills, with the Japanese noticeably absent from the market.

He said most of the day's buying was to satisfy orders already in the pipeline before sales were suspended earlier this month in a historic decision by the federal government. "There was virtually no new buying interest, so the sales weren't really a test of the underlying demand," he said.

Discounts on the previous floor price ranged from 12 to 45 per cent across a range of wool qualities. The results were roughly in line with industry predictions when the floor price was suspended.

The auction results will undoubtedly influence a committee of inquiry that has been asked to report to Mr John Kerin, the Primary Industries Minister, by April on the future of the wool price support scheme. The inquiry follows an attempt by Mr Kerin last year to steady the market by cutting the floor price from A$8.70 to A$7 a kilogram, but this failed to rekindle demand from traditional heavy buyers in China, Japan and the Soviet Union.

The high floor price of recent years has encouraged consumers to increase usage of other fibres, reducing wool's share of the total textile market. Mr Kerin has made it clear that if any reserve price scheme is to continue, it will be self-funding and "the floor price will be set conservatively against the prevailing market prices".

The federal government is cushioning the effects of the lower price on the country's 22,000 wool growers through a $A300m funding pool, and supplementary payments have been promised to bring returns up to the previous floor price until the end of June.

# Last Cornish tin mines closed

By Kenneth Gooding, Mining Correspondent

Wheal Jane is unlikely ever to open again

TIN MINING in Cornwall came to a halt yesterday after Mr Peter Lilley, the UK Secretary of State for Trade and Industry, withdrew funding for Carnon Holdings, the management and employee-owned company that operates the Wheal Jane and South Crofty mines.

Mr Brian Calver, Carnon's managing director, said that the company had no option but to make all 415 employees redundant and start a controlled withdrawal from the mines.

Wheal Jane would quickly flood, making it very unlikely that it would ever open again, however high the tin price might rise, while South Crofty would be put on a care and maintenance basis. About 150 volunteers would be called back to help with the wind-down.

"This is a very sad day," said Mr Calver. "The Secretary of State has the right to withdraw funding but this is not a well-thought-out decision."

He said that neither the Department of Trade and Industry nor the RTZ Corporation were calling in loans already made to Carnon, so the company could meet all its commitments, including redundancy payments.

Carnon was bought by its managers from the RTZ Corporation, the world's biggest mining company, in March 1988. Fourteen managers between them own 80 per cent of the equity and the rest is held in trust for the other employees.

The company was granted a £25m interest-free loan from the UK government and one of £10m from RTZ in 1986. Mr Calver said that £3.9m remained to be drawn down in arrears for capital expenditure projects. Of this £1.6m was to be provided by the DTI. RTZ had had to follow the DTI's lead and also withdraw funding, he added.

Mr Calver said Carnon had met all the targets agreed with the DTI. The cost of producing a tonne of tin in concentrate had fallen from £8,500 a tonne in 1985 to under £4,000 a tonne. At South Crofty alone the cost was down to £3,500 a tonne and still falling.

In 1985 the price of tin averaged £8,900 a tonne. Last night the London Metal Exchange price, boosted by news of Carnon's shut-down, closed US$65 up at $5,655 a tonne – equivalent to about £2,825 a tonne.

"The DTI apparently take a more pessimistic view about future tin prices than most market analysts," Mr Calver said.

A DTI official said last night that "despite serious and growing doubt about the future of the tin business, we continued to make payments for as long as possible to give Carnon every possible opportunity to secure the future of the mines. We have, however, now reached the stage where we do not believe it would be proper to put more tax payers' money into the project".

Last year Carnon produced about 3,600 tonnes of tin, 6,000 tonnes of zinc and 1,000 tonnes of copper. Tin was sent for processing at smelters in the Netherlands, Malaysia and the zinc to the Netherlands and copper to Canada.

Mr Calver said the company had about 11,000 tonnes of ore still on the surface and 30,000 tonnes underground at South Crofty still to be processed. There was also some heavy equipment to be recovered from Wheal Jane and sold.

Carnon announced last year that Wheal Jane would close early in 1991, with the loss of 90 jobs there and 70 at South Crofty, because of the extraordinarily low tin prices.

The company is expecting on April 17 the result of a planning application for a £35m leisure scheme for part of the Wheal Jane site. The company hoped that the leisure scheme would enable water to be pumped from part of Wheal Jane, one of the world's wettest mines, to maintain the option of mining again in the distant future if tin prices ever recovered enough.

RTZ wrote off its £10m loan to Carnon and another £7.3m for the cost of withdrawing from tin mining in Cornwall in its 1987 financial year.

# RTZ under pressure on PNG gold project

By Kenneth Gooding

RTZ CORPORATION of the UK, the world's biggest mining company, faces increasing pressure to set out a timetable for the much-delayed, US$1bn Lihir Island gold project in Papua New Guinea, according to Mr Geoff London, chairman of Niugini Mining, RTZ's minority partner in the venture.

After meeting RTZ officials in London yesterday, Mr London pointed out that the two-year licence for the project was to come up for consideration by the Papua New Guinean government in June this year. "I expect there will be some pressure at that time from the government for the deposit to be developed," he said.

An official at the PNG High Commission in London agreed that that was a possibility. He recalled that there was a precedent because in the late 1970s, when the PNG government and Kennecott Corporation of the US could not agree on the timing of the development of the Ok Tedi gold-copper mine, the government took over the licence and paid Kennecott compensation for work done.

Kennecott, which has 80 per cent of the Lihir project, is now a wholly-owned RTZ subsidiary. Niugini has the other 20 per cent of Lihir and is a 55 per cent-owned offshoot of Battle Mountain Gold of the US.

Mr Loudon said disagreements between the partners about Lihir were continuing. The latest feasibility study showed a potential positive rate of return that Niugini and Battle Mountain believed was "not wonderful but acceptable". So and wanted to get on with development of a mine as quickly as possible. But RTZ said the return on investment was too low.

Mr Loudon said the difference of opinion was mainly about the perception of the risk involved in mining in Papua New Guinea. As a company registered in that country, Niugini had a different perspective to that of RTZ, an internationally-operating group.

The deposit had enough reserves for 47 years of production at about 850,000 troy ounces of gold annually and estimated cash costs of US$180 an ounce, putting it among the 25 per cent lowest-cost gold mines in the western world. The deposit was in a dormant volcano but in the first ten years it would be possible to mine the highest-grade and most easily recoverable ore in areas where temperatures were not particularly high.

# Northwest Territories mine to close soon

By Bernard Simon in Toronto

THE BRAND-NEW Colomac gold mine in Canada's Northwest Territories is set to start closing down within the next month or two, having failed to restructure its debt or overcome technical problems.

An official at Northgate Exploration, which controls Colomac through a subsidiary NorthWest Gold, said that supplies at the mine will begin running out at the end of March. The winter ice road which is used to ferry equipment and provisions to the mine 140 miles north-west of Yellowknife will start melting in late March, but suppliers are refusing to ship goods until the mine's finances are on a more secure footing.

NorthWest Gold has so far failed to renegotiate a $90m project loan with a consortium led by Bank of America. It has also been seeking an extra $20m for working capital.

Although the mine is generating a small cash flow, the Northgate official said that the chances of operations continuing beyond the spring are slim. he said the might may be reopened later.

Colomac started operations less than a year ago. Designed to produce some 200,000 ounces a year, the low-grade mine's financial outlook was based on a gold price of about US$450 a troy ounce. The mill, which is the largest in North America, has also been dogged by mechanical problems and has failed to operate at more than about 70 per cent of capacity.

NorthWest Gold took a US$150m writedown on the mine last November, equal to about two-thirds of its total cost.

## WORLD COMMODITIES PRICES

### MARKET REPORT

Silver closed 3 cents down at 357.50 cents a troy ounce after a midday fix on the London bullion maket of 354.75 cents – the lowest for 17 years. And with gold finishing only marginally lower that raised the gold/silver price ratio to a record 100.45:1. Gold traded in a narrow range, waiting for news from the Gulf or on economic fundamentals to move the market. Traders said it had lost all its lustre for investors. At the London Metal Exchange easing of nearby technical tightness brought a sharpish fall of $142.50 in the cash nickel price to $8,620 a tonne. But the market was basically steady, with the three months position losing only $72.50 to $8,545 a tonne. Lead prices ended on a firm note as Mexico's Industrias Penoles declared force majeure on shipments from its strike-bound Torreon plant. At the London Futures and Options Exchange the May delivery cocoa price closed at £625 a tonne, £3 up from the 15-year low reached earlier in the day, but still £6 down. Traders thought the modest bounce following last week's price slide might signal greater stability, but one commented: "There's really no reason for the market to rally".

Compiled from Reuters

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| **Crude oil (per barrel FOB)** | | + or - |
| Dubai | $13.20-3.35t | +.325 |
| Brent Blend (dated) | $17.80-7.90 | +.25 |
| Brent Blend (April) | $16.85-6.95 | +.10 |
| W.T.I. (1 pm est) | $18.20-8.25 | +.05 |
| **Oil products (NWE prompt delivery per tonne CIF)** | | + or - |
| Premium Gasoline | $221-224 | -1 |
| Gas Oil | $223-226 | -20 |
| Heavy Fuel Oil | $70-72 | -2 |
| Naphtha | $205-207 | +1 |
| *Petroleum Argus Estimates* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $358.55 | -0.20 |
| Silver (per troy oz)♣ | 357.50c | -3.00 |
| Platinum (per troy oz) | $379.15 | -0.40 |
| Palladium (per troy oz) | $79.25 | -0.90 |
| Aluminium (free market) | $1512.5 | -17.5 |
| Copper (US Producer) | 116c | |
| Lead (US Producer) | 35⅞c | |
| Nickel (free market) | 401c | -8 |
| Tin (Kuala Lumpur market) | 14.97r | -0.08 |
| Tin (New York) | 282c | +2 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 108.07p | -1.51* |
| Sheep (dead weight)† | 148.97p | +5.44* |
| Pigs (live weight)† | 86.49p | +0.39* |
| London daily sugar (raw) | $209.8w | -3.4 |
| London daily sugar (white) | $293.5w | |
| Tate and Lyle export price | £215.0 | -0.5 |
| Barley (English feed) | Unq. | |
| Maize (US No. 3 yellow) | £168.5 | |
| Wheat (US Dark Northern) | £93.0 | -1.5 |
| Rubber (Mar)♥ | 48.50p | +0.25 |
| Rubber (Apr)♥ | 48.75p | |
| Rubber (KL RSS No 1 Mar) | 226.5m | -1.0 |
| Coconut oil (Philippines)§ | $360.0q | |
| Palm Oil (Malaysian)§ | $345x | |
| Copra (Philippines)§ | $227.5t | |
| Soyabeans (US) | £136.0 | -2.0 |
| Cotton "A" Index | 85.55c | +0.85 |
| Wooltops (64s Super) | 365p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Apr/May. t-Apr. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

| SUGAR – London FOX | | | ($ per tonne) | |
|---|---|---|---|---|
| Raw | Close | Previous | High/Low | |
| Mar | 185.80 | 182.40 | 185.80 | 181.00 |
| May | 183.80 | 181.20 | 184.40 | 180.40 |
| Aug | 189.80 | 187.80 | 189.80 | 186.20 |
| Oct | 188.00 | 186.80 | 189.00 | 184.80 |
| Dec | 190.20 | 187.90 | 187.20 | 184.20 |
| Mar | 188.20 | 185.80 | 187.20 | 184.80 |
| May | 191.20 | 189.20 | 187.20 | |
| White | Close | Previous | High/Low | |
| May | 289.3 | 287.5 | 289.8 | 286.0 |
| Aug | 287.5 | 286.0 | 287.0 | 284.6 |

Turnover: Raw 14052 (1924) lots of 50 tonnes. White 1031 (1785)
Paris- White (FFr per tonne): May 1499, Aug 1504, Oct 1374.

| CRUDE OIL – IPE | | | $/barrel | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Apr | 16.95 | 16.60 | 16.95 | 16.15 |
| May | 16.80 | 16.25 | 16.55 | 15.75 |
| Jun | 16.45 | 16.10 | 16.20 | 15.70 |
| Jul | 16.30 | | 15.79 | |
| IPE Index | 16.62 | 17.10 | | |

Turnover 14294 (10545)

| GAS OIL – IPE | | | $/tonne | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Mar | 191.00 | 192.25 | 190.75 | 179.00 |
| Apr | 165.50 | 165.50 | 166.50 | 159.00 |
| May | 157.00 | 158.75 | 157.60 | 160.00 |
| Jun | 155.50 | 154.00 | 155.50 | 149.00 |
| Jul | 158.25 | 156.50 | 156.00 | 149.50 |
| Aug | 157.50 | 159.00 | 152.00 | 151.50 |
| Sep | 159.00 | 156.50 | 154.00 | 158.50 |
| Oct | 160.00 | | 158.00 | |

Turnover 8042 (12805) lots of 100 tonnes

**TEA**

A selective and generally easier market, reports the Tea Brokers' Association. Among the few end of season Assam teas broken pekoes sold readily but other grades were neglected. Brighter Africans realised fully firm to dearer rates but mediums declined by 4p to 8p per kilo. Plain coloury teas remained about steady. Ceylons were well supported at fully firm rates. Offshore teas met good competition with little change in price levels. Quotations: quality 210p nom (no quotation), medium 102p (108p), low medium 80p (83p).

| COCOA – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 595 | 598 | 598 | 591 |
| May | 625 | 631 | 631 | 622 |
| Jul | 655 | 659 | 659 | 650 |
| Sep | 680 | 685 | 684 | 676 |
| Dec | 715 | 720 | 720 | 711 |
| Mar | 741 | 745 | 745 | 738 |
| May | 762 | 764 | 765 | 758 |

Turnover: 7761 (4279) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 22 843.17 (857.39) 10 day average for Feb 25 852.82 (850.42)

| COFFEE – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 544 | 540 | 545 | 537 |
| May | 554 | 549 | 555 | 548 |
| Jul | 568 | 560 | 569 | 562 |
| Sep | 585 | 578 | 585 | 578 |
| Nov | 601 | 596 | 601 | 595 |
| Jan | 619 | 617 | 615 | 614 |

Turnover: 7567 (4662) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 22: Comp. daily 72.60 (73.68). 15 day average 70.12 (69.73)

| POTATOES – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 122.9 | 126.6 | 126.0 | 122.8 |
| May | 143.0 | 148.0 | 145.0 | 142.4 |

Turnover 194 (50) lots of 40 tonnes.

| SOYAMEAL – London FOX | | | £/tonne |
|---|---|---|---|
| | Close | Previous | High/Low |
| Jun | 110.00 | 109.50 | 110.00 |
| Oct | 117.00 | 116.00 | 117.00 |

Turnover 35 (136)lots of 20 tonnes.

| FREIGHT – London FOX | | | $10/index point | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 1677 | 1687 | 1680 | |
| Mar | 1590 | 1581 | 1591 | 1580 |
| Apr | 1425 | 1424 | 1425 | 1420 |
| Jul | 1095 | 1088 | 1095 | 1080 |
| Oct | 1188 | 1198 | 1190 | |
| BFI | 1674 | 1671 | | |

Turnover 134 (411)

| GRAINS – London FOX | | | £/tonne | |
|---|---|---|---|---|
| Wheat | Close | Previous | High/Low | |
| Mar | 125.45 | 125.60 | 125.60 | 125.25 |
| May | 128.45 | 128.60 | 128.70 | 128.45 |
| Jun | 130.35 | 130.90 | 130.75 | 130.35 |
| Nov | 111.30 | 111.05 | 111.30 | 111.05 |
| Jan | 115.15 | 114.75 | 115.00 | 114.65 |
| Mar | 118.60 | | 118.35 | 118.00 |
| Barley | Close | Previous | High/Low | |
| Mar | 114.80 | 114.60 | 114.75 | 114.50 |
| May | 118.60 | 118.80 | 118.90 | 118.50 |
| Sep | 105.25 | | 105.25 | 104.90 |

Turnover: Wheat 261 (394), Barley 91 (62).
Turnover lots of 100 tonnes.

| PIGS – London FOX | | (Cash Settlement) p/kg | |
|---|---|---|---|
| | Close | Previous | High/Low |
| Mar | 111.5 | 112.0 | 111.5 |
| Apr | 111.0 | 110.0 | 110.0 |
| Jun | 111.0 | 110.0 | 110.5 |
| Aug | 109.0 | 106.5 | 108.0 |
| Sep | 109.0 | | 108.0 |

Turnover: 48 (76) lots of 3,250 kg

| MGMI – London FOX | | | | | |
|---|---|---|---|---|---|
| | Close | Prev. | High | Low | Vol |
| Indx | 156.66 | 158.91 | | | |
| Mar | 157.10 | 157.50 | 157.40 | 157.10 | 80 |
| Apr | 157.20 | 156.00 | 157.20 | | 55 |
| May | 157.00 | 156.10 | 157.00 | | 32 |
| Jun | 156.60 | 156.00 | 156.60 | | 25 |

| LONDON METAL EXCHANGE | | | | (Prices supplied by Amalgamated Metal Trading) | | |
|---|---|---|---|---|---|---|
| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 12,672 lots |
| Cash | 1518-20 | 1523-5 | 1512/1511 | 1512-3 | | |
| 3 months | 1550-2 | 1554-5 | 1552/1543 | 1544-5 | 1550-2 | 53,706 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 17,201 lots |
| Cash | 1286-7 | 1282-4 | 1300/1285 | 1287-8 | | |
| 3 months | 1269-70 | 1267-8 | 1275/1264 | 1266-7 | 1276-8 | 97,933 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 4,698 lots |
| Cash | 303-4 | 301.5-2.5 | 304/302.5 | 302.5-3 | | |
| 3 months | 315.5-6 | 313-3.5 | 317/313 | 314-4.25 | 316-7 | 13,911 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 1,982 lots |
| Cash | 8615-25 | 8750-75 | 8625/8620 | 8615-20 | | |
| 3 months | 8540-60 | 8610-25 | 8600/8550 | 8550-60 | 8650-60 | 7,671 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 263 lots |
| Cash | 5650-60 | 5580-600 | 5685 | 5685-70 | | |
| 3 months | 5740-5 | 5680-90 | 5760/5680 | 5755-60 | 5730-40 | 6,378 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 5,248 lots |
| Cash | 1199-201 | 1194-5 | 1200/1192 | 1193-4 | | |
| 3 months | 1191-2 | 1191-2 | 1196/1186 | 1185-7 | 1190-2 | 18,450 lots |

LME Closing £/$ rate: SPOT: 1.9245 3 months: 1.8968 6 months: 1.8748 9 months: 1.8566

| LONDON BULLION MARKET (Prices supplied by N.M.Rothschild) | | |
|---|---|---|
| Gold (fine oz) | $ price | £ equivalent |
| Close | 358.35-358.75 | |
| Opening | 357.60-358.00 | |
| Morning fix | 357.50 | 184.507 |
| Afternoon fix | 357.65 | 185.455 |
| Day's high | 358.35-358.75 | |
| Day's low | 356.60-366.80 | |

| *Loco Ldn Mean Gold Lending Rates (Vs US$)* | | | |
|---|---|---|---|
| 1 month | 5.52 | 6 months | 5.29 |
| 2 months | 5.53 | 12 months | 5.14 |
| 3 months | 5.50 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 183.25 | 354.75 |
| 3 months | 186.90 | 360.45 |
| 6 months | 194.10 | 366.00 |
| 12 months | 204.30 | 378.50 |

| GOLD COINS (Prices supplied by Engelhard Metals) | | |
|---|---|---|
| | $ price | £ equivalent |
| Krugerrand | 359.50-360.50 | 186.40-186.90 |
| Maple leaf | 370.00-371.00 | 192.00-192.50 |
| New Sovereign | 87.00-88.00 | 45.00-45.50 |

| TRADED OPTIONS | | | | |
|---|---|---|---|---|
| **Aluminium (99.7%)** | Calls | | Puts | |
| Strike price $ tonne | Mar | May | Mar | May |
| 1450 | 80 | 113 | 1 | 15 |
| 1550 | 11 | 51 | 31 | 52 |
| 1650 | 1 | 17 | 120 | 117 |
| **Copper (Grade A)** | Calls | | Puts | |
| 2300 | 153 | 150 | 1 | 38 |
| 2400 | 67 | 91 | 15 | 77 |
| 2500 | 17 | 50 | 64 | 134 |
| **Coffee** | May | Jul | May | Jul |
| 500 | 57 | 74 | 23 | 40 |
| 550 | 7 | 19 | 4 | 6 |
| 600 | 20 | 22 | 54 | 51 |
| **Cocoa** | May | Jul | May | Jul |
| 600 | 78 | 69 | 40 | 40 |
| 650 | 17 | 22 | 4 | 15 |
| 700 | 16 | 38 | 43 | 68 |
| **Brent Crude** | Apr | May | Apr | May |
| 1700 | 55 | | | |
| 1800 | | | 140 | |
| 1900 | | | | |

### New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 359.5 | 357.0 | 358.0 | 358.0 |
| Mar | 359.5 | 357.0 | 0 | 0 |
| Apr | 360.8 | 358.3 | 361.4 | 358.7 |
| Jun | 364.0 | 361.5 | 364.5 | 361.7 |
| Aug | 367.2 | 364.7 | 367.5 | 365.2 |
| Oct | 370.5 | 368.0 | 0 | 0 |
| Dec | 373.8 | 371.3 | 373.5 | 371.6 |
| Feb | 377.4 | 374.8 | 375.6 | 0 |
| Apr | 380.7 | 378.1 | 0 | 0 |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 376.7 | 377.8 | 379.0 | 374.5 |
| Jul | 380.5 | 381.6 | 382.5 | 378.5 |
| Oct | 384.3 | 385.4 | 385.0 | 383.5 |
| Jan | 388.1 | 389.2 | 390.0 | 388.8 |
| Apr | 393.2 | 394.3 | 0 | 0 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 357.6 | 350.8 | 357.5 | 357.5 |
| Mar | 357.7 | 351.0 | 359.5 | 351.5 |
| Apr | 359.8 | 352.8 | 0 | 0 |
| May | 362.4 | 355.6 | 364.5 | 356.1 |
| Jul | 367.0 | 360.3 | 369.5 | 361.0 |
| Sep | 371.5 | 365.0 | 373.5 | 368.0 |
| Dec | 378.4 | 372.1 | 381.0 | 374.5 |
| Jan | 378.5 | 373.4 | 0 | 0 |
| Mar | 385.5 | 379.4 | 388.0 | 382.0 |
| May | 390.4 | 384.5 | 385.0 | 0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 114.55 | 112.05 | 114.60 | 112.55 |
| Mar | 113.60 | 110.55 | 113.80 | 110.20 |
| Apr | 111.60 | 108.70 | 109.20 | 108.65 |
| May | 109.70 | 106.90 | 110.00 | 106.50 |
| Jun | 108.90 | 106.35 | 0 | 0 |
| Jul | 107.55 | 105.20 | 107.50 | 104.90 |
| Aug | 106.90 | 104.80 | 104.80 | 104.80 |
| Sep | 106.20 | 103.90 | 104.10 | 103.55 |
| Oct | 105.70 | 103.40 | 104.10 | 104.10 |
| Nov | 105.20 | 102.85 | 103.60 | 102.85 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Apr | 18.11 | 17.91 | 18.37 | 17.45 |
| May | 17.78 | 17.52 | 17.98 | 17.20 |
| Jun | 17.65 | 17.35 | 17.80 | 17.12 |
| Jul | 17.58 | 17.35 | 17.75 | 17.10 |
| Aug | 17.59 | 17.40 | 17.70 | 17.30 |
| Sep | 17.70 | 17.52 | 17.80 | 17.45 |
| Oct | 17.80 | 17.64 | 17.85 | 17.55 |
| Dec | 18.01 | 17.88 | 18.05 | 17.65 |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Mar | 6105 | 6014 | 6185 | 5875 |
| May | 5080 | 5017 | 5140 | 4900 |
| Jun | 4960 | 4897 | 5000 | 4815 |
| Aug | 5005 | 4937 | 5005 | 4900 |
| Sep | 5140 | 5072 | 5150 | 5025 |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 1070 | 1095 | 1093 | 1068 |
| May | 1114 | 1131 | 1126 | 1111 |
| Jul | 1147 | 1164 | 1157 | 1144 |
| Sep | 1182 | 1198 | 1192 | 1180 |
| Dec | 1227 | 1241 | 1236 | 1227 |
| Mar | 1266 | 1282 | 1275 | 1271 |
| May | 1297 | 1314 | 1300 | 0 |
| Jul | 1327 | 1344 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 90.30 | 89.75 | 90.40 | 89.50 |
| May | 92.75 | 92.00 | 92.90 | 91.75 |
| Jul | 94.95 | 94.10 | 95.00 | 93.90 |
| Sep | 97.05 | 96.20 | 97.10 | 95.70 |
| Dec | 99.60 | 99.10 | 99.70 | 98.25 |
| Mar | 103.25 | 101.90 | 101.80 | 0 |
| May | 104.85 | 103.50 | 0 | 0 |
| Jul | 106.80 | 105.45 | 0 | 0 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 8.52 | 8.22 | 8.53 | 8.20 |
| May | 8.26 | 8.13 | 8.30 | 8.11 |
| Jul | 8.25 | 8.18 | 8.33 | 8.12 |
| Oct | 8.25 | 8.19 | 8.33 | 8.15 |
| Mar | 8.46 | 8.37 | 8.50 | 8.36 |
| May | 8.53 | 8.45 | 0 | 0 |
| Jul | 8.64 | 8.66 | 8.66 | 0 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 87.00 | 87.44 | 87.95 | 86.35 |
| Jul | 85.95 | 86.56 | 86.95 | 85.30 |
| Dec | 68.35 | 69.05 | 69.00 | 68.13 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 110.25 | 112.15 | 111.90 | 110.25 |
| May | 110.60 | 112.40 | 111.60 | 110.20 |
| Jul | 111.70 | 113.00 | 112.75 | 111.50 |

**INDICES**

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Feb 25 | Feb 22 | mnth ago | yr ago |
| 1662.7 | 1666.7 | 1660.4 | 1828.5 |

| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
|---|---|---|---|---|
| | Feb 22 | Feb 21 | mnth ago | yr ago |
| Spot | 123.74 | 127.57 | 121.29 | 131.29 |
| Futures | 127.33 | 127.88 | 125.15 | 132.42 |

### Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 575/6 | 569/4 | 578/2 | 570/8 |
| May | 589/2 | 582/0 | 589/4 | 583/4 |
| Jul | 602/4 | 594/2 | 603/0 | 596/4 |
| Aug | 607/2 | 598/6 | 607/4 | 602/0 |
| Sep | 608/0 | 602/2 | 608/0 | 604/4 |
| Nov | 618/0 | 611/2 | 618/0 | 613/0 |
| Jan | 629/0 | 622/0 | 629/4 | 624/4 |
| Mar | 640/0 | 633/0 | 640/0 | 636/0 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 21.14 | 21.00 | 21.20 | 21.01 |
| May | 21.53 | 21.36 | 21.56 | 21.39 |
| Jul | 21.84 | 21.67 | 21.85 | 21.69 |
| Aug | 21.93 | 21.71 | 21.96 | 21.82 |
| Sep | 22.05 | 21.83 | 22.05 | 21.95 |
| Oct | 22.07 | 21.90 | 22.10 | 22.00 |
| Dec | 22.33 | 22.07 | 22.33 | 22.10 |
| Jan | 22.30 | 22.12 | 0 | 0 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 169.4 | 166.6 | 169.5 | 167.4 |
| May | 172.8 | 170.7 | 172.9 | 171.0 |
| Jul | 176.1 | 174.2 | 176.2 | 174.4 |
| Aug | 177.7 | 176.0 | 177.7 | 176.1 |
| Sep | 178.6 | 177.0 | 178.8 | 177.7 |
| Oct | 179.8 | 178.5 | 179.8 | 178.3 |
| Dec | 182.9 | 181.6 | 183.0 | 181.5 |
| Jan | 183.0 | 182.2 | 183.0 | 182.2 |

| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 239/4 | 238/2 | 239/4 | 238/4 |
| May | 248/4 | 247/0 | 248/4 | 247/0 |
| Jul | 255/4 | 254/0 | 255/4 | 254/2 |
| Sep | 257/6 | 256/2 | 258/0 | 256/6 |
| Dec | 260/6 | 259/0 | 261/0 | 259/0 |
| Mar | 268/4 | 266/6 | 268/4 | 266/4 |
| May | 273/6 | 272/0 | 273/6 | 272/0 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 253/4 | 251/6 | 253/4 | 251/0 |
| May | 264/4 | 262/2 | 264/6 | 261/6 |
| Jul | 274/2 | 273/0 | 275/2 | 272/2 |
| Sep | 282/0 | 281/0 | 282/4 | 280/4 |
| Dec | 295/0 | 294/0 | 296/0 | 293/2 |
| Mar | 303/4 | 301/4 | 303/4 | 302/0 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 79.52 | 79.40 | 79.75 | 79.37 |
| Jun | 76.02 | 76.02 | 76.30 | 75.90 |
| Aug | 74.10 | 74.30 | 74.37 | 74.05 |
| Oct | 74.27 | 74.20 | 74.42 | 74.20 |
| Dec | 74.90 | 74.77 | 75.10 | 74.80 |
| Feb | 75.05 | 74.70 | 75.05 | 74.80 |
| Apr | 74.95 | 74.95 | 0 | 0 |

| LIVE HOGS 30,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 49.15 | 49.00 | 49.25 | 48.75 |
| Jun | 54.50 | 54.37 | 54.72 | 54.15 |
| Jul | 54.05 | 53.95 | 54.20 | 53.70 |
| Aug | 50.82 | 50.75 | 51.20 | 50.72 |
| Oct | 46.42 | 46.45 | 46.65 | 46.40 |
| Dec | 46.57 | 46.67 | 46.75 | 46.56 |
| Feb | 46.70 | 46.65 | 46.70 | 0 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 60.65 | 61.50 | 61.60 | 60.15 |
| May | 59.87 | 60.72 | 60.75 | 59.45 |
| Jul | 59.30 | 59.92 | 60.00 | 58.90 |
| Aug | 57.40 | 58.15 | 58.15 | 57.40 |
| Feb | 56.30 | 56.72 | 57.90 | 56.30 |

# LONDON STOCK EXCHANGE

# Early gains halved by profit-taking

HOPES THAT London might play a prominent role in a strong response from global markets to favourable reports on the allied land assault on Iraq proved somewhat over-optimistic yesterday. After advancing at first by 40 FT-SE points on the back of Tokyo's overnight strength, falling crude oil prices and a firm dollar, the UK market gave back half of its gains after Wall Street failed to sustain its opening promise.

In the first half of the session, the UK market could do no wrong. Inspired by a 560-point rise in the Nikkei index as Tokyo showed the first response to the news from the Gulf, and with this lead quickly taken up by other European markets and buttressed by falls in crude oil prices, London soon gathered pace. However, the pace was restrained at first largely because City staff were delayed by bomb warnings which closed most of London's commuter rail stations.

| Account Dealing Dates | | |
|---|---|---|
| **First Dealings:** | | |
| Feb 11 | Feb 25 | Mar 11 |
| **Option Declarations:** | | |
| Feb 21 | Mar 7 | Mar 27 |
| **Last Dealings:** | | |
| Feb 22 | Mar 8 | Mar 28 |
| **Account Day:** | | |
| Mar 4 | Mar 18 | Apr 8 |

*New-time dealings may take place from 8.30 am two business days earlier.

On the domestic front, interest rate optimism found further encouragement from sterling's early firmness against other currencies in the exchange rate mechanism of the European Monetary System. A pessimistic report on confidence among British manufacturers from the Confederation of British Industry failed to upset the stock market.

London stock index futures markets provided a strong lead and, with traders convinced that New York would open strongly as US investors showed their first response to the Gulf news, the London market was already more than 30 Footsie points ahead when it met its first hurdle in the shape of the UK trade figures for last month.

The announcement that the monthly trade deficit had widened to £1.2bn on current account in January, against City forecasts of a deficit in the £800m range, brought no more than a temporary check to the market's progress. The Footsie extended its advance and, on the brink of Wall Street's opening, stood at 2,354.5

At first, New York beat expectations with an early gain of nearly 39 Dow points. However, it then flagged and turned into negative territory, showing a net fall of just over one Dow point in London hours.

The effect on the UK market was immediate. Share prices crumbled and turnover increased as traders hurried to take profits. By the close, the gain on the FT-SE Index had been cut to 21.2 for a final reading of 2,335.5. Yesterday's rise put the Footsie at its highest level since July 26 last year, when the market was sensing the impending problems in the Middle East. Seaq trading volume, which had barely cleared 300m shares at noon, finished at 536.4m, compared with 452.9m on Friday.

"It was very much a short-term traders' day," commented a dealer at a leading brokerage house. The early advance took the UK market into territory not seen since well before the Gulf war, and this appeared to warn traders to be ready to take profits on any setback.

The rush to sell was triggered by pressures on the FT-SE futures contract, which quickly lost most of its premium against fair value. Sizeable lines of leading stocks were on offer yesterday afternoon, and marketmakers were only too willing to take them – but only at suitable prices. There was little sign, however, that institutions or traders had altered their fundamentally bullish view of equities. City analysts were still convinced that UK base rates would be cut soon.

## FINANCIAL TIMES STOCK INDICES

| | Feb 25 | Feb 22 | Feb 21 | Feb 20 | Feb 19 | Year Ago | 1990/91 High | 1990/91 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 85.65 | 85.57 | 85.72 | 85.78 | 85.88 | 80.26 | 85.88 (19/2/91) | 74.13 (30/4/90) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 93.93 | 94.18 | 94.12 | 94.14 | 94.23 | 89.35 | 94.23 (19/2/91) | 83.80 (30/4/90) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1865.5 | 1846.7 | 1844.6 | 1826.2 | 1838.5 | 1776.1 | 1968.3 (3/1/90) | 1510.4 (24/9/90) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 128.4 | 127.0 | 130.2 | 131.7 | 134.7 | 284.2 | 378.5 (6/2/90) | 127.0 (22/2/91) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2335.5 | 2314.3 | 2312.4 | 2296.8 | 2312.4 | 2249.3 | 2463.7 (3/1/90) | 1990.2 (28/9/90) | 2463.7 (3/1/90) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1095.31 | - | - | - | - | - | - | - | - | - |
| Ord. Div. Yield | 5.18 | 5.21 | 5.22 | 5.26 | 5.21 | 4.91 | | | | |
| Earning Yld %(full) | 10.75 | 10.86 | 10.87 | 10.95 | 10.86 | 11.67 | | | | |
| P/E Ratio(Net)(☆) | 11.25 | 11.13 | 11.13 | 11.04 | 11.14 | 10.38 | | | | |
| SEAQ Bargns 4.45pm | 32,765 | 31,193 | 29,607 | 28,731 | 32,177 | 24,212 | | | | |
| Equity Turnover(£m)† | - | 829.14 | 989.47 | 910.20 | 1002.07 | 577.51 | | | | |
| Equity Bargains† | - | 31,906 | 30,160 | 29,059 | 33,916 | 24,880 | | | | |
| Shares Traded (ml)† | - | 395.4 | 482.1 | 444.2 | 481.9 | 288.7 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 11.06

Ordinary Share Index, Hourly changes — Day's High 1880.3 — Day's Low 1854.5

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1854.9 | 1859.9 | 1869.5 | 1874.2 | 1872.2 | 1877.6 | 1877.2 | 1876.3 | 1869.2 |

FT-SE 100, Hourly changes — Day's High 2354.5 — Day's Low 2317.9

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2318.4 | 2323.9 | 2337.3 | 2344.2 | 2344.8 | 2350.5 | 2350.9 | 2349.4 | 2339.9 |

FT-SE Eurotrack 200, hourly changes — Day's High 1100.35 — Day's Low 1091.80

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1091.80 | 1093.00 | 1095.12 | 1094.73 | 1096.26 | 1096.94 | 1096.81 |

### GILT EDGED ACTIVITY

| Indices* | Feb 22 | Feb 21 |
|---|---|---|
| Gilt Edged Bargains | 88.8 | 98.7 |
| 5 – Day average | 96.3 | 98.4 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

## Tesco shares taken up

TURNOVER IN the fully paid shares of Tesco, the food supermarket group, increased to 29m as UBS Phillips & Drew placed the remainder of the shares not taken up in the recent £572m two-for-11 rights issue.

UBS sold 17m shares to institutions at 245p, representing just over 5 per cent of the rights offer. Analysts agreed that, with the underwriters having been left with only 5 per cent, the issue had been a success.

The placing was executed in 15 minutes and the shares were willingly taken up by institutions. Food retailing specialists said the swiftness of the operation indicated the continuing institutional appetite for blue chip food shares, even when priced at a small discount to the current market price. Tesco fully paid shares closed unchanged at 246p.

### Ladbroke weak

Ladbroke was the worst performer of the day among FT-SE 100 stocks, moving sharply against the trend of the market as it led hotel leaders lower in the wake of another bomb incident in the London area.

Hotel shares have been jittery in recent weeks. Stocks had fallen sharply on the realisation that conflict in the Gulf would reduce tourism, but this was followed by a sharp recovery as institutions sought bargains. The sector was hit again last week after the IRA bombings of two London railway stations.

Ladbroke fell 9 to 260p, having peaked in early trading at 274p. Also depressed were Trusthouse Forte, 4 lower at 252p, and Bass, which has extensive hotel interests on both sides of the Atlantic.

Bass shed 5 to 997p, a decline that took place entirely in the last hour of trading. Marketmakers added that there was some concern over the strength of competition that might come on the beer side of Bass's business now that Grand Metropolitan and Fosters had sealed their public houses-for-breweries swap.

Hopes of a speedy end to the Gulf war and early moves towards the rebuilding of shattered areas of Kuwait, plus the persistent view in the market that UK interest rates will soon be cut, triggered more large share gains throughout the building sector. Dealers, however, emphasised that much of the strength in share prices came from an early mark-up in the face of a stock shortage. This was borne out by the very thin turnover levels in many of the sector leaders.

The big international contractors perceived by the market to be in line for some of the substantial rebuilding projects in the Gulf region were given a strong upward push. Of these, George Wimpey followed last week's 5.6 per cent rise with a further 7 gain to 197p.

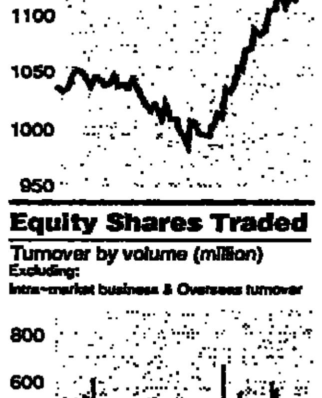
In a recent review of the likely beneficiaries of a Kuwaiti rebuilding operation, Mr Anthony Williams, buildings analyst at Morgan Stanley, pointed out that his estimate of Wimpey's Middle East exposure amounted to £100m, or 4.8 per cent of the total turnover, equating to £5m, or 3.7 per cent of the group's profits. The Morgan analyst described Wimpey as "potentially a key player in any rebuilding". Costain, one of Morgan's choice selections in the sector, rose 4 to 208p, and John Laing "A" put on 10 to 300p.

R.M. Douglas, long established as a contractor in the Middle East, jumped 70 to 415p. Beazer resumed its recovery, the shares moving up 6 to 134p. Pilkington shrugged off the effects of last week's profits downgrades, rallying 10 to 194p ahead of tomorrow's analysts' visit to the German subsidiary's new float glass plant near Nuremburg. Rugby, the cement producer, edged 3 higher to 181p after news that it had followed Blue Circle in increasing cement prices.

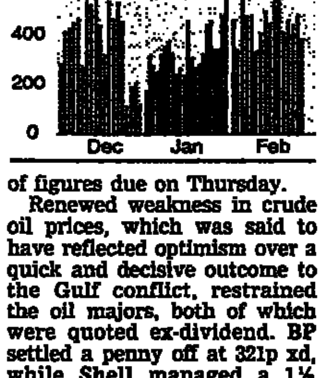
Bank shares, in spite of the recent spate of cautious comment on the prospect of more exceptionally heavy provisions after those of Lloyds, were lifted by a shortage of stock. NatWest, reporting today and with analysts looking at a pre-tax figure of between £450m to £770m, closed a fraction higher at 295p.

Worries about today's preliminary figures from Commercial Union and General Accident did little to dent the composite insurers. CU settled 9 up at 528p and GA 17 stronger at 570p.

Glaxo advanced 11 to 938p and ICI 8 to 1029p, both ahead of figures due on Thursday.




FT-A All-Share Index




Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover

Renewed weakness in crude oil prices, which was said to have reflected optimism over a quick and decisive outcome to the Gulf conflict, restrained the oil majors, both of which were quoted ex-dividend. BP settled a penny off at 321p xd, while Shell managed a 1½ improvement to 451p xd. Turnover in both stocks was relatively small.

Lasmo ran up 9 to 355p after reports that the group had made further progress in its Pakistani exploration operations, first announced last year, with more work on the find still to come. Lasmo reports preliminary figures tomorrow.

Next had 26m shares traded as the market reacted to the proposed disposal of Grattan, its mail order business. The stock added ¼ at 27¼p. There was also continuing speculation that Sears, steady at 93p, may yet launch a bid.

W.H. Smith "A" rose 6 to 337p after the company spoke to analysts about the accounting treatment of its pension surplus. Several analysts have said the shares might be overrated because the treatment of the pension surplus has boosted profitability. But yesterday's meeting seemed to reassure the market.

DAKS Simpson "A", the Piccadilly clothes store, rose to 570p from 333p after it accepted a £65m bid from Sankyo Seiko.

Brewery issues had a mixed day. Grand Metropolitan took heart from the deal sealed with Australia's Fosters Brewing after the market closed on Friday. The shares were 24 ahead at one point and closed at 719p, still an improvement of 14 on the day. GrandMet holds its annual meeting this week and will be making a separate presentation to City analysts.

Guinness lost ground as newspapers continued to suggest that LVMH, the French luxury goods group with which Guinness has a near 24 per cent crossholding, was struggling to cope with recession. Guinness eased 3 to 796p.

USM-quoted soccer club Millwall firmed a penny to 5p on news of a £400,000 grant from the local government to help it buy a new ground. The flotation price in September 1989 was 20p.

Low and Bonar, the Dundee-based plastics and packaging company, responded well to a 14 per cent increase in final profits to £25m. The stock added 10 at 206p. BZW trimmed its current year forecast by £1m to £28m "to bring the estimate into line," but changed its advice to investors from hold to buy.

The broker said this was a short-term recommendation and expressed concern that the high level of capital expenditure over the last five years had not been adequately reflected in profits growth.

Bowater, up 11 at 544p, continued to benefit from a buy recommendation from Hoare Govett. The shares added 11 at 544p. Wiggins Teape Appleton recovered from recent weakness in spite of Hoare's caution, gaining 6 at 208p.

A shortage of Reed International shares pushed the stock to 422p before settling at 414p, still up 11 on the day.

Vickers shrugged off a cautious statement from the chairman to add a penny at 208p. Full year profits rose 15 per cent to £96.5m but Mr David Plastow, chairman of Vickers, warned shareholders that trading profits for 1991 might be below those achieved in 1990. He blamed "the general economic climate . . . particularly following the outbreak of war in the Gulf in January". The market was encouraged by NFC's forecast that profits for the current year would be roughly similar to those of the previous year, in spite of the shortfall in first quarter figures.

NFC shares moved up 10 to 149p on the news, responding also to suggestions in the press that the group may well be considering the sale of its loss-making subsidiary Pickfords Travel. The remaining Pickfords businesses made profits.

Tipbook advanced 22 to 403p, with transport specialists focusing on the group's overseas earnings, which were said to account for 90 per cent of its profits.

Rolls-Royce slipped 3½ to 151p, against a very strong market, after S.G. Warburg was reported as cutting its profits estimates for the group.

Positive comment from BZW on Saatchi & Saatchi helped the stock continue its recovery in the wake of news of its rights issue. The broker recommended investors to take up their rights rather than sell the shares. "Risky but a good recovery play," is the BZW verdict.

BET, the diversified services group, ran into a wall of profit-taking. The shares were 9 better at one point but ended unchanged at 139p on busy turnover of 5.9m.

USM-quoted Bioplan, a healthcare services and private hospital operator, climbed 6 to 17p ahead of an announcement that it was in talks that might lead to a bid. The Stock Exchange is investigating the unusual share price movement.

In January, Bioplan directors bought 330,000 shares at between 11p and 12.7p. In August 1990 one of them sold 250,000 at 21p. In the spring of 1990 the company reversed into Cooks Industries, joined the USM and had a rights issue. Turnover yesterday was 592,000, exceptionally high for the stock.

Software group Microfocus continued its upward spiral, racing up a further 115 to a 1991 high of 1208p. Since January the shares have climbed from below the 800p mark after a persistent wave of US-sourced buying interest.

Specialists said American funds and investors have been driving shares of the leading US software groups sharply higher in recent months and had turned to the only UK software house with an ADR facility. This was granted to Microfocus last July.

"Any selling by UK institutions is quickly mopped up by the Americans," said a close observer of the company. There were also vague hints that one of the big US computer groups may be considering taking a small stake in the company. There was also a story that the company may be considering a quotation on the Nasdaq system in the US.

Cable and Wireless rose strongly by 13 to 528p, boosted by the rapid appreciation of the dollar against sterling; Cable earns upwards of 60 per cent of its earnings in dollars.

Rumours in the market that a full-scale bid is being lined up for Racal Electronics refused to lie down and kept turnover bubbling in the shares; they closed a shade firmer at 198½p on volume of 5.6m, in spite of yet more broker downgrades. Racal Telecom settled 10 up at 334p.

■ Other Market statistics, including the FT-Actuaries share index, Page 24

## TRADING VOLUME IN MAJOR STOCKS

| Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ADT | 1,100 | 100 | | Courtaulds | 1,000 | 370 | +8 | MEPC | 1,000 | 527 | +6 | Smith (W H) A | 1,000 | 337 | +6 |
| ASDA Group | 3,730 | 132 | +3 | Dalgety | 155 | 382 | +2 | Manpower | 112 | 68 | | Smith & Nephew | 1,300 | 104½ | +3 |
| Abbey National | 3,200 | 261 | +10 | Dixons | 2,000 | 173 | +4 | Manweb | 273 | 202 | +2 | SmKl Beecham | 1,500 | 690 | +9 |
| Albert Fisher | 1,300 | 122 | -1 | ECC Group | 185 | 389 | +1 | Marks & Spencer | 4,700 | 249 | +7 | SmKl Beecham Uts | 101 | [illegible] | +43 |
| Allied-Lyons | 2,800 | 520 | +4 | Eastern Elect | 531 | 167 | +1 | Maxwell Comms | 497 | 145 | -1 | Smiths Inds | 1,800 | 258 | +3 |
| Amstrad | 742 | 87 | -½ | East Midland Elect | 886 | 181 | +1 | Midland Bank | 2,100 | 177 | +2 | Southern Elect | 681 | 171 | -1 |
| Anglian Water | 279 | 288 | +1 | Enterprise Oil | 509 | 545 | +5 | Midlands Elect | 575 | 178 | +1 | South Wales Elect | 180 | 194 | -1 |
| Argos | 748 | 273 | | Eurotunnel Units | 574 | 494 | +21 | NatWest Bank | 3,900 | 295 | +1 | South West Water | 181 | 302 | +2 |
| Argyll Group | 1,800 | 281 | +5 | FKI | 181 | 47 | | Next | 26,000 | 27½ | +½ | South West Elect | 815 | 177 | +1 |
| Ass Brit Foods | 436 | 482 | -1 | Ferranti | 3,600 | 11½ | +½ | North West Water | 1,200 | 304 | +2 | Southern Water | 514 | 284 | +4 |
| BAA | 1,300 | 401 | +4 | Fisons | 968 | 432 | +5 | Northern Elect | 182 | 190 | +1 | Standard Chartd | 633 | 277 | +4 |
| BAT Inds | 2,300 | 673 | +4 | Gen. Accident | 1,000 | 570 | +17 | Northern Foods | 1,200 | 382 | +2 | Storehouse | 231 | 117 | +1 |
| BET | 5,900 | 136 | | General Elect | 5,800 | 206 | | Norweb | 545 | 194 | +4 | Sun Alliance | 703 | 370 | +3 |
| BICC | 2,000 | 423 | +3 | Glaxo | 1,800 | 938 | +11 | Pearson | 197 | 723 | +14 | Sun Life | 0 | 1145 | +22 |
| BOC | 473 | 575 | +7 | Glynwed Intl | 116 | 245 | +3 | P & O | 978 | 568 | +1 | T&N | 345 | 173 | +2 |
| BPB Inds | 2,500 | 220 | -11 | Granada | 781 | 189 | +3 | Pilkington | 4,700 | 194 | +10 | TI Group | 739 | 483 | +22 |
| BTR | 3,200 | 368 | -8 | Grand Met | 2,700 | 719 | +14 | Prudential | 4,400 | 227½ | +5½ | TSB | 3,100 | 154 | +5 |
| Bank of Scotland | 511 | 127 | +1 | GUS A | 207 | 1220 | +28 | RHM | 2,800 | 323 | -1 | Tarmac | 1,600 | 263 | -1 |
| Barclays | 2,200 | 392 | +2 | GRE | 3,200 | 220 | +3 | RMC | 311 | 731 | +10 | Tate & Lyle | 3,000 | 333 | +8 |
| Bass | 434 | 997 | -5 | GKN | 385 | 365 | -1 | RTZ | 1,800 | 514 | +4 | Taylor Woodrow | 613 | 281 | -1 |
| Beazer | 3,200 | 134 | +6 | Guinness | 960 | 796 | -3 | Racal | 5,600 | 198½ | +½ | Tesco | 1,900 | 248 | +2 |
| Berisford Intl | 806 | 37 | +1 | Hammerson 'A' | 271 | 662 | +8 | Racal Telecom | 887 | 334 | +10 | Thames Water | 1,100 | 294 | +1 |
| Blue Circle | 1,100 | 284 | +5 | Hanson | 6,500 | 222½ | +3½ | Rank Org. | 958 | 718 | +8 | Thorn EMI | 1,000 | 884 | +14 |
| Boots | 2,900 | 349 | +5 | Hanson Warrants | 887 | 40 | +2 | Reckitt & Colman | 342 | 1410 | +21 | Trafalgar House | 2,100 | 230 | +1 |
| Bowater | 274 | 544 | +11 | Harrisons Crosfield | 982 | 158 | +3 | Redland | 388 | 638 | -1 | Trusthouse Forte | 3,800 | 252 | -4 |
| Brit. Aerospace | 2,800 | 563 | +9 | Hawker Sidd | 429 | 497 | +4 | Reed Intl | 1,800 | 414 | +11 | Ultramar | 1,400 | 322 | +5 |
| British Airways | 3,200 | 154 | +3 | Hillsdown | 1,200 | 211 | +3 | Reg. Elect. Pkg Uts | 308 | £1818 | +15 | Unigate | 434 | 398 | +6 |
| British Gas | 4,500 | 234½ | +3 | IMI | 224 | 240 | +3 | Reuters | 872 | 798 | +9 | Unilever | 636 | 721 | +6 |
| British Land | 600 | 305 | +2 | ICI | 1,400 | 1029 | +8 | Rolls Royce | 6,400 | 151 | -3½ | United Biscuits | 1,000 | 373 | +2 |
| BP | 5,400 | 321 | -1 | Inchcape | 401 | 286 | +4 | Rothmans | 168 | 798 | +13 | Utd. Newspapers | 436 | 345 | +7 |
| British Steel | 6,500 | 129½ | +1½ | Kingfisher | 1,100 | 421 | +13 | Ryl Bk Scotland | 1,800 | 188 | +2 | Water Package Uts. | 1 | £2968 | +23 |
| British Telecom | 6,500 | 309½ | +3½ | Ladbroke | 1,900 | 260 | -9 | Royal Insurance | 1,200 | 445 | | Wellcome | 379 | 508 | +9 |
| Bunzl | 554 | 81 | +1 | Land Securities | 1,000 | 547 | +5 | Saatchi | 9,700 | 18 | +½ | Welsh Water | 370 | 322 | +4 |
| Burmah Castrol | 311 | 545 | -6 | Laporte | 78 | 544 | +2 | Sainsbury | 1,600 | 334 | +1 | Wessex Water | 457 | 349 | +2 |
| Burton | 2,500 | 94 | +4 | Legal & General | 1,400 | 419 | +3 | Scottish & New. | 1,300 | 390 | +8 | Whitbread 'A' | 992 | 486 | +1 |
| Cable & Wire. | 2,100 | 528 | +13 | Lloyds Abbey | 1,600 | 383 | +3 | Sears | 2,800 | 93 | | Wiggins Teape | 2,600 | 208 | +6 |
| Cadburys | 2,300 | 369 | +7 | Lloyds Bank | 4,900 | 324 | +14½ | Sedgwick | 1,300 | 235 | +5 | Williams Hldgs | 967 | 272 | +3 |
| Calor Group | 57 | 225 | | LASMO | 1,500 | 355 | +9 | Seeboard | 376 | 174 | | Willis Corroon | 471 | 277 | +2½ |
| Carlton Comms | 1,700 | 409 | +16 | London Elect | 877 | 182 | +1 | Severn Trent Water | 888 | 275 | +2 | Wimpey | 1,100 | 197 | +7 |
| Coats Viyella | 3,700 | 117½ | +½ | Lonrho | 2,100 | 229 | +6 | Shell Transport | 2,200 | 451 | +1½ | Yorkshire Elect | 1,200 | 194 | +3 |
| Comm. Union | 953 | 528 | +9 | Lucas | 3,400 | 158 | +1 | Siebe | 360 | 383 | +6 | Yorkshire Water | 95 | 306 | -1 |
| Cookson | 743 | 120 | | MB Caradon | 814 | 192 | +6 | Slough Ests | 444 | 255 | +4 | | | | |

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

## NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (104).

BRITISH FUNDS (1) INT.BANK & O'SEAS GOVT. STLG. ISSUES (2) CORPORATION LOANS (2) BANKS (1) BREWERS (4) BUILDINGS (11) CHEMICALS (3) STORES (11) ELECTRICALS (9) ELECTRICITY (1) ENGINEERING (1) FOODS (11) INDUSTRIALS (22) BTR Warrants 1994-95, Baris, Bespak, Betterware Cons. Prods., Boots, British Vita, Cape, Charter Cons., Fisons, Isotron, Kalon, Low & Bonar, Novo Nordisk B, Rank Org 8¼p Pref., Reckitt & Colman, Seton Healthcare, Silentnight, SmithKline Beecham Equity Units, Do. A, Spring Ram, Wolseley, Yale & Valor, INSURANCE (1) LEISURE (2) PAPERS (1) SHOES (1) TRANSPORT (2) TRUSTS (17) WATER (1).

NEW LOWS (39).

CANADIANS (1) BUILDINGS (4) STORES (3) ELECTRICALS (4) FOODS (1) HOTELS (1) INDUSTRIALS (6) Alexandra Workwear, Burndene, Eurocopy, MY Hldgs., Plasticseal, Shaw (Arthur), MOTORS (1) NEWSPAPERS (2) PAPERS (1) PROPERTY (2) TEXTILES (3) TRUSTS (1) MINES (9).

# APPOINTMENTS

## Promotion at Booker

■ Mr Tony Noble has been appointed an executive director of BOOKER FOOD DISTRIBUTION. He joins the boards of Booker Cash & Carry, Booker Fitch Food Services, and Booker Wholesale Foods, and will be responsible for the specialist distribution companies Blue Cap, Brewhurst Health Supplies and Huttons of Hull, and the specialist processing company, Whitworth's Products. He was joint managing director of Booker Cash & Carry.

■ TRY GROUP has appointed Mr Richard Barraclough to the main board. In May he becomes group company secretary, succeeding Mr Gordon Whitmore who is retiring. He was assistant group secretary at George Wimpey.

■ Mr Robert Stenram, executive vice president of SWEDBANK, Stockholm, has been appointed head of the bank's new branch in London.

■ Mr Les Polden has joined THE NIKKO SECURITIES CO (EUROPE) as senior manager, UK and European equity trading. He was chief dealer, UK equities, at Merrill Lynch.

■ Mr Mike Parker has been appointed director of Hill Top Sections, a recently acquired subsidiary of HADLEY INDUSTRIES. He retains his directorship of sister company Bridge Steel Sections.

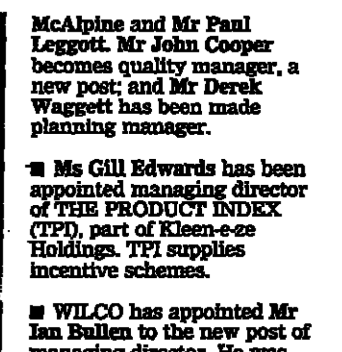
■ Mr Anthony Spink has been appointed chairman of SPINK & SON, a subsidiary of Andrew Weir & Co. He was deputy chairman with particular responsibility for the picture department. There has always been a member of the Spink family associated with the company since they founded it in 1666.

## Town Clerk of City of London

■ Mr Samuel Jones has been appointed as the next Town Clerk for the City of London from May 23. He will be the 47th holder of the office which dates back to before 1274. He is at present chief executive of Leicestershire County Council.

■ Mr Robin Baker has become managing director of SKETCHLEY's dry cleaning division. Mr R. Gudger has resigned to pursue other interests. Mr Baker was managing director of Granada's commercial rental and retail activities in the UK.

■ DIXONS STORES GROUP has promoted Mr David Longbottom from personnel director to western divisional director. He replaces Mr Danny Hourigan who has joined Silo, the group's US subsidiary.



Mr Paddy Sweetnam *(pictured)* has been appointed managing director of Berkeley Homes (Kent). He was director of the partnership division of Y.J. Lovell, and succeeds Mr Graham Roper who will now concentrate on his role as chairman of BERKELEY HOMES.

■ Mr Gordon P. Riddler has been appointed an executive director of LEEDS MINERAL SERVICES GROUP. He joined the group last November and will continue his role in business development. Professor Derek J. Fray, professor of mineral engineering, Leeds University, becomes a non-executive director.

■ SIR ROBERT McALPINE & SONS has restructured, from March 1. A northern region has been formed to be managed by Mr Richard McAlpine and Mr Paul Leggott. Mr John Cooper becomes quality manager, a new post; and Mr Derek Waggett has been made planning manager.

■ Ms Gill Edwards has been appointed managing director of THE PRODUCT INDEX (TPI), part of Kleen-e-ze Holdings. TPI supplies incentive schemes.

■ WILCO has appointed Mr Ian Bullen to the new post of managing director. He was director of market development (Europe) for GE Information Services.

REINHOLD CITY has appointed Mr Mark Dixon *(pictured)* as managing director of its Regus Business Centre operation, based in London. He was managing director of Crosslink International, Brussels.

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1990/91 High | 1990/91 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 99¼ | 92¼ | Funding 5½pc '87-91‡‡ | 99¾ | ..... | 5.79 | 11.04 |
| 98⅞ | 89¾ | Treas. 3pc 1991 | 98⅞ | ..... | 3.05 | 10.02 |
| 99⅞ | 94½ | Treas 10pc Cv '91 ‡‡ | 99⅞ | ..... | 10.08 | 12.07 |
| 99½ | 94½ | Exch. 11pc 1991 | 99½ | ..... | 11.03 | 11.45 |
| 97¾ | 90⅛ | Treas. 8pc 1991 | 97¾ | ..... | 8.19 | 11.16 |
| 101⅛ | 97½ | Treas 12¾pc 1992‡‡ | 101½ | ..... | 12.57 | 11.16 |
| 99⅞ | 92¾ | Treas 10pc 1992 | 99⅛ | ..... | 10.09 | 11.10 |
| 97⅛ | 89¾ | Treas. 8pc 1992‡‡ | 96½ | ..... | 8.25 | 10.99 |
| 99½ | 93⅛ | Treas 10½pc Cv 1992‡‡ | 99½ | ..... | 10.54 | 10.99 |
| 93⅛ | 82½ | Treas. 3pc 1992 | 92½ | ..... | 3.23 | 8.91 |
| 102¼ | 95½ | Exch. 12¼pc '92 | 102 | ..... | 12.01 | 10.45 |
| 104⅛ | 98⅛ | Exch 13½pc 1992 | 103⅞xd | –⅛ | 13.00 | 10.76 |
| 96⅞ | 86¾ | Treas 8¾pc 1993 | 96⅛xd | ..... | 8.57 | 10.45 |
| 99⅞ | 90½ | Treas 10pc 1993‡‡ | 99¼ | +⅛ | 10.08 | 10.43 |
| 104½ | 96⅛ | Treas 12½pc 1993‡‡ | 104½ | +⅛ | 11.95 | 10.33 |
| 92½ | 82 | Funding 6pc 1993‡‡ | 92½xd | ..... | 6.49 | 9.44 |
| 108⅞ | 99¾ | Treas 13¾pc 1993‡‡ | 108⅛ | +⅛ | 12.73 | 10.32 |
| 95½ | 84¾ | Treas. 8½pc 1994 | 95½ | +⅛ | 8.87 | 10.24 |
| 111¼ | 102⅛ | Treas 14½pc 1994‡‡ | 111⅛xd | +⅛ | 13.04 | 10.16 |
| 109 | 99¾ | Exch 13½pc 1994 | 108½ | +⅛ | 12.41 | 10.22 |
| 99½ | 88½ | Treas. 10pc Ln. 1994‡‡ | 99½ | +⅛ | 10.03 | 10.14 |
| 106½ | 96⅞ | Exch. 12½pc 1994 | 106¼ | +⅛ | 11.71 | 10.23 |
| 96⅞ | 85 | Treas 9pc 1994‡‡ | 96⅞ | +⅛ | 9.29 | 10.07 |
| 106⅞ | 94½ | Treas 12pc 1995 | 105½ | +⅛ | 11.33 | 10.15 |
| 87 | 73 | Exch 3pc Gas 90-95 | 84 | ..... | 3.57 | 7.52 |
| 100½ | 88½ | Exch. 10¼pc 1995 | 100¾ | +⅛ | 10.19 | 10.12 |
| 109½ | 97½ | Treas 12¾pc 1995‡‡ | 109¾ | ..... | 11.63 | 10.13 |
| 113½ | 101⅛ | Treas. 14pc '96 | 113⅛ | +⅛ | 12.34 | 10.47 |

Five to Fifteen Years

| 1990/91 High | 1990/91 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 96½ | 82½ | Treas. 9pc 1992-96‡‡ | 96½xd | +⅛ | 9.33 | 9.94 |
| 119½ | 107⅛ | Treas 15¼pc 1996‡‡ | 119½ | +⅛ | 12.77 | 10.36 |
| 112¼ | 99¾ | Exch 13¼pc 1996‡‡ | 111½ | +⅛ | 11.84 | 10.26 |
| 100⅛ | 85½ | Conversion 10pc 1996 | 99⅞ | +⅛ | 10.01 | 10.07 |
| 100⅛ | 97½ | Do. 10pc 1996 A ● | 99½ | +⅛ | 10.25 | 10.08 |
| 113½ | 98½ | Treas 13¼pc 1997‡‡ | 113⅛ | +⅛ | 11.71 | 10.26 |
| 102⅞ | 87⅞ | Exch 10½pc 1997 | 101½ | +⅛ | 10.30 | 10.11 |
| 94½ | 79⅞ | Treas 8¾pc 1997‡‡ | 94⅛xd | +⅛ | 9.31 | 10.02 |
| 122⅞ | 106¼ | Exch 15pc 1997 | 121¾ | +⅛ | 12.32 | 10.41 |
| 98½ | 83½ | Exch. 9¾pc 1998 | 98⅛ | ..... | 9.92 | 10.09 |
| 85½ | 70⅛ | Treas 6¾pc 1995-98‡‡ | 85¼ | –⅛ | 7.93 | 9.67 |
| 127½ | 110¼ | Treas. 15½pc '98‡‡ | 127⅛xd | –⅛ | 12.19 | 10.27 |
| 109½ | 93¼ | Exch. 12pc 1998 | 109½ | –⅛ | 10.96 | 10.20 |
| 97½ | 82⅛ | Treas 9½pc 1999‡‡ | 97½ | –⅛ | 9.75 | 9.98 |
| 111½ | 94⅞ | Exch. 12¼pc 1999 | 111⅛xd | –⅛ | 11.03 | 10.20 |
| 102⅝ | 85½ | Treas. 10½pc 1999 | 102¼ | –⅛ | 10.28 | 10.18 |
| 101⅛ | 84⅛ | Conversion 10¼pc 1999 | 100½ | –⅛ | 10.18 | 10.13 |
| 94½ | 78½ | Conversion 9pc 2000‡‡ | 94⅛xd | –⅛ | 9.53 | 9.95 |
| 116⅞ | 98⅛ | Treas. 13pc 2000 | 116⅛ | –⅛ | 11.20 | 10.29 |
| 116½ | 113¼ | Do 13pc 2000 A | 116⅛ | –⅛ | 11.20 | 10.29 |
| 100¼ | 82¾ | Treas 10pc 2001 | 99½ | –⅛ | 10.05 | 10.08 |
| 118½ | 102¼ | Treas. 14pc '98-01 | 117½ | –⅛ | 11.87 | 10.41 |
| 98⅛ | 81¼ | Treas 9¾pc 2002 | 97½ | –⅛ | 9.96 | 10.06 |
| 100½ | 82½ | Treas 10pc 2003 | 99½xd | –⅛ | 10.02 | 10.03 |
| 99⅞ | 91⅛ | Treasury 10pc 2003 'A' | 99⅛xd | –⅛ | 10.09 | 10.28 |
| 108⅞ | 90⅛ | Treas. 11½pc 2001-04 | 107⅞xd | –⅛ | 10.69 | 10.26 |
| 58⅛ | 45¾ | Funding 3½pc '99-04 | 57½xd | –⅛ | 6.07 | 9.04 |
| 97⅛ | 79½ | Conversion 9½pc 2004 | 96⅛ | –⅛ | 9.87 | 10.01 |
| 97⅛ | 79½ | Conversion 9½pc 2005 | 96⅛ | –⅛ | 9.86 | 9.99 |
| 118¼ | 98⅛ | Treas. 12½pc 2003-05 | 117⅛ | –⅛ | 10.67 | 10.07 |

Over Fifteen Years

| 1990/91 High | 1990/91 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 85⅛ | 69½ | Treas. 8pc 2002-06‡‡ | 84¾ | ..... | 9.45 | 9.95 |
| 112⅞ | 93½ | Treas. 11¾pc 2003-07 | 111½ | –⅛ | 10.51 | 10.03 |
| 90⅛ | 73½ | Treas 8½pc 2007‡‡ | 89⅞ | ..... | 9.51 | 9.82 |
| 125¼ | 105½ | Treas. 13½pc '04-08 | 124⅞xd | –⅛ | 10.81 | 10.04 |
| 94½ | 77¼ | Treas. 9pc 2008‡‡ | 93½ | ..... | 9.58 | 9.73 |
| 85½ | 69½ | Treas 8pc 2009 | 85⅛xd | +⅛ | 9.40 | 9.76 |
| 94¾ | 77¼ | Conv 9pc Ln 2011‡‡ | 93½ | +⅛ | 9.63 | 9.75 |
| 63⅞ | 50½ | Treas. 5½pc 2008-12‡‡ | 62⅞xd | +⅛ | 8.78 | 9.67 |
| 83 | 67⅛ | Treas. 7¾pc 2012-15‡‡ | 81½ | +⅛ | 9.48 | 9.76 |
| 122¼ | 100 | Exch. 12pc '13-'17 | 120⅛ | +⅛ | 9.97 | 9.76 |

Undated

| 1990/91 High | 1990/91 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 41⅛ | 33⅛ | Consols 4pc | 40 | +⅛ | 10.00 | – |
| 36½ | 29½ | War Loan 3½pc‡‡ | 35¾ | +⅛ | 9.79 | – |
| 61½ | 55½ | Conv. 3½pc '61 Aft. | 59⅛xd | ..... | 5.90 | – |
| 32½ | 26½ | Treas. 3pc '66 Aft. | 29¾ | +⅛ | 10.13 | – |
| 25⅞ | 20½ | Consols 2½pc | 25⅛ | +⅛ | 9.98 | – |
| 25½ | 20¾ | Treas. 2½pc | 24½xd | +⅛ | 10.08 | – |

## BRITISH FUNDS—Contd

Index-Linked

(b) (1) (2)

[illegible]

### INT. BANK AND O'SEAS

[illegible]

### CORPORATION LOANS

[illegible]

### COMMONWEALTH & AFRICAN LOANS

[illegible]

### LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

### FOREIGN BONDS & RAILS

[illegible]

### AMERICANS

[illegible]

## AMERICANS—Contd

| 1990/91 High | 1990/91 Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 46⅞ | 35½ | CPC Intnl. 25c | 41⅛xd | ..... | $2.00 | – | 2.5 |
| 930p | 358p | California Engy | 581p | ..... | – | | – |
| 36½ | 23½ | Campbell Soup 15c | 35¼xd | ..... | $1.16 | – | 1.7 |
| 21⅞ | 5¼ | Chase Manhattan $12½ | 7⅛xd | ..... | $1.20 | – | 8.2 |
| 12½ | 5⅛ | Chrysler $6¼ | 6¼xd | ..... | $1.20 | – | 9.7 |
| 18¼ | 5½ | Citicorp $1 | 8⅛xd | ..... | $1.00 | – | 6.3 |
| 40½ | 29⅝ | Colgate-Palmolive $1 | 37⅛xd | ..... | $1.80 | – | 2.4 |
| 12¼ | 386p | Cont'l Bank Corp $4 | 607p | –5 | $1.00 | – | 8.3 |
| 268p | 45p | Corporate Data Scce | 45p | ..... | – | | – |

[illegible]

## CANADIANS

[illegible]

Continued on next page

# LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

## BANKS, HP & LEASING

| 1990/91 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £13¾ | £9 | ABN Amro F15 | £9½ | −⅛ | Q28% | 2.1 | 8.9 | 5.3 |
| 302 | 121 | ANZ SA1 | 146 | +6 | Q38c | 2.9 | 10.6 | 5.0 |
| 267 | 172 | Abbey National 10p | 261 | +13 | 5.7 | 4.3 | 2.9 | 10.6 |
| *274 | 126 | Allied Irish Ord | 164 | +3 | Q40% | 3.3 | 5.5 | 7.4 |
| 85 | 47 | Anglo Irish | 60 | | Q18.6% | 2.3 | 7.0 | 7.9 |
| 93 | 43 | Ansbacher (H.) 1p | 46 | | 2.5 | 1.3 | 7.2 | 13.2 |
| £71½ | £37¼ | Banco Ge Fr100 | £52½ | | [illegible] | — | 2.5 | — |
| £22 | £12½ | Banco Bilbao Viz | £14½ | +⅛ | Q91% | 2.7 | 5.0 | 7.4 |
| £58½ | £21¾ | Banco de Santander | £28⅞ | +¼ | Q28.7% | 2.3 | 4.2 | 10.0 |
| 255 | 150 | Bank Ireland IrE1 | 176 | +3 | Q14.7% | 2.9 | 7.5 | 6.2 |
| £19½ | £18 | Bank Leumi | £19½ | | | — | — | — |
| 351 | 320 | Bank Leumi (U.K.) £1 | 350 | +1½ | 16.0 | — | 6.1 | — |
| 134 | 100 | Bank Scotland | 127 | +1 | 4.55 | 3.4 | 4.8 | 8.1 |
| 110 | 83¼ | Do. 9¼pc Irrd Pf £1 | 104 | +½ | 9¼% | — | 11.9 | — |
| 107¼ | 99½ | Do. 9¼pc Irrd Pf £1 | 107¼ | +1 | 9¼% | — | 12.1 | — |
| 54 | 39 | Bank of Wales | 42 | | 2.8 | 0.8 | 8.9 | 20.2 |
| 428 | 290 | Barclays £1 | 392 | +7 | 19.57 | 3.5 | 6.7 | 5.4 |
| 22 | 5 | Beechmark 20p | 9 | | 0.75 | — | 11.1 | — |
| 335 | 195 | Brown Shipley £1 | 220 | | 12.0 | 2.2 | [illegible] | 7.1 |
| *450 | 225 | Cater Allen £1 | 450 | | F24.5 | — | 7.3 | — |
| 179 | 25 | Chancery | 364 | | 9.0 | 2.7 | [illegible] | 1.4 |
| £23¼ | £14 | Commerzbk DM10 | £18¼ | | Q18% | — | 3.4 | — |
| £13¼ | 620 | Dai-Ichi KBk Y50 | 875 | −6 | Q17% | 6.2 | 0.4 | 41.3 |
| [illegible] | [illegible] | Deutsche Bk DM50 | £228½ | +¼ | Q28% | — | 2.1 | — |
| £20⅝ | £14⅝ | Espirito Santo | £17 | +¼ | Q75c | 5.1 | 2.2 | 8.7 |
| 251 | 152 | First Nat. Fin 10p | 188 | +1 | 13 | 1.2 | 9.2 | 11.2 |
| 121 | 76 | FFC 6.3pc Cv Pf £1 | 96 | −2 | 6.3% | — | 8.7 | — |
| £13¼ | 655 | Fuji Bank Y50 | 982 | +4 | Q17% | 6.9 | 0.3 | 41.8 |
| 340 | 262 | Gerrard & National | 338 | | 19.0 | — | 7.5 | — |

## BUILDING, TIMBER, ROADS – Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS – Contd

## ELECTRICITY

## ENGINEERING

## ENGINEERING – Contd

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.) – Contd

## INDUSTRIALS (Miscel.) – Contd

## INSURANCES

## LEISURE

## Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

# LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT TRADES

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Contd

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRANSPORT

[illegible]

## INVESTMENT TRUST

[illegible]

## INVESTMENT TRUST—Contd

[illegible]

## INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

## FINANCE, LAND, ETC

[illegible]

## WATER

[illegible]

## OIL AND GAS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Contd

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

### NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♦ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Craig & Rose £1.. β | 675 | ...... |
| Finlay Pkg. 5p.... β | 30 | ...... |
| Holt (Jos) 25p.... β | 1308 | ...... |

### IRISH

| | | |
|---|---|---|
| Cap. 8½% Ln. 1991 | £99½ | ...... |
| 9pc Cap Ln 1996.. | £97½ | ...... |
| Fin. 13% 97/02.. | £114 | ...... |
| Arnotts........ | 160 | ...... |
| Carrol (P.J.)........ | 154 | ...... |
| Helton Hldgs....... γ | 43 | +1 |
| IRG................ | 130 | ...... |
| United Drug........ | 145 | ...... |

## TRADITIONAL OPTIONS

3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 6 |
| Astec (BSR) | 4½ |
| BAT | 46 |
| BOC Grp | 28 |
| BTR | 25 |
| Barclays | 30 |
| Blue Circle | 19 |
| Boots | 29 |
| Bowaters | 43 |
| Brit Aerospace | 45 |
| British Steel | 10½ |
| Brit. Telecom | 25 |
| Cadburys | 28 |
| Charter Cons | 38 |
| Comm Union | 40 |
| Courtaulds | 28 |
| Eurotunnel | 35 |
| FKI | 5 |
| FNFC | 20 |
| Gen Accident | 41 |
| GEC | 15 |
| Glaxo | 68 |
| Grand Met | 51 |
| Guardian | 17 |
| GKN | 27 |
| Hanson | 16 |
| Hawker Sidd | 35 |
| ICI | 70 |
| Ladbroke | 22 |
| Legal & Gen | 32 |
| Lex Service | 17 |
| Lloyds Bank | 24 |
| Lucas Inds | 11 |
| Marks & Spencer | 19 |
| Midland Bk | 16 |
| Nat West Bk | 21 |
| P & O Dfd | 44 |
| Racal Elect | 16 |
| RHM | 23 |
| Rank Org Ord | 52 |
| Reed Intnl | 32 |
| STC | 19 |
| Sears | 7½ |
| SmKl. Beecham A | 51 |
| TI | 35 |
| TSB | 11 |
| Tesco | 19 |
| Thorn EMI | 55 |
| Trust Houses | 23 |
| T&N | 13 |
| Unilever | 52 |
| Vickers | 16 |
| Wellcome | 33 |

| Property | |
|---|---|
| Brit Land | 24 |
| Control Secs | 3½ |
| Land Securities | 45 |
| MEPC | 38 |
| Mountleigh | 9 |

| Oils | |
|---|---|
| Ariva Petlm | 5 |
| Brit Petroleum | 27 |
| Burmah Castrol | 46 |
| Conroy Petlm | 15 |
| Gaelic Res | 1½ |
| Premier | 7 |
| Shell | 37 |
| Tuskar Res | 2 |
| Ultramar | 29 |

| Mines | |
|---|---|
| Lonrho | 19 |
| RTZ | 48 |

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

# FT MANAGED FUNDS SERVICE

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## AUTHORISED UNIT TRUSTS

**Martin Currie Unit Trusts Ltd (0905)H**
49 Melville St, Edinburgh EH3 7HF Dlng:031-220 4924

| | Init Chrg | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Far East (Pacific) ♦ | 5¼ | 89.61 | 90.85 | 96.44 | +3.59 | 0.44 |
| Income & Growth | 5¼ | 56.66 | 57.74xd | 61.29 | +0.26 | 5.33 |
| European (z) | 5¼ | 52.62 | 53.27xd | 56.54 | +0.17 | 1.26 |
| Nth American (z) | 5¼ | 32.24 | 32.34 | 34.22 | +0.52 | 1.53 |
| Intl Growth(9-1) | 5¼ | 56.39 | 57.46 | 60.99 | +1.12 | 0.83 |
| UK Growth | 5¼ | 50.22 | 50.84 | 53.97 | +1.33 | 2.65 |
| Intl Income | 5¼ | 45.40 | 45.85 | 48.67 | +0.39 | 6.13 |
| High Yield | 5¼ | 43.48 | 44.09xd | 46.80 | +0.03 | 7.35 |
| Charities | 5¼ | 86.88 | 88.10xd | 93.52 | +0.21 | 5.99 |
| Japan | 5¼ | 37.01 | 37.31 | 39.60 | +0.07 | - |

**Matheson Unit Trust Managers Ltd (1200)H**
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

| | Init Chrg | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| UK Growth (14-1) | 6 | 63.81 | 65.29 | 69.78 | +1.07 | 3.94 |
| UK High Income | 6 | 33.32 | 33.63 | 35.97 | +0.25 | 6.62 |

**NM Unit Trust Mngrs (1200)H**
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

| | Init Chrg | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American ♥ | 5¼ | 28.08 | 28.08 | 29.05 | +0.43 | 1.70 |
| (Accum Units) ♥ | 5¼ | 30.05 | 30.05 | 32.05 | +0.46 | 1.70 |
| Australian ♥ | 5¼ | 149.80 | 150.90xd | 161.90 | +3.50 | 3.39 |
| (Accum Units) ♥ | 5¼ | 168.70 | 170.00 | 182.30 | +3.90 | 3.39 |
| Conscience | 5¼ | 46.91 | 47.83 | 51.04 | +0.50 | 1.53 |
| (Accum Units) | 5¼ | 49.19 | 50.16 | 53.53 | +0.53 | 1.53 |
| European | 5¼ | 136.80 | 136.80 | 145.90 | +2.30 | 1.07 |
| (Accum Units) | 5¼ | 144.30 | 144.30 | 153.90 | +2.10 | 1.07 |
| Extra Income | 5¼ | 62.75 | 62.75 | 66.96 | +0.76 | 9.12 |
| (Accum Units) | 5¼ | 84.53 | 84.53 | 90.21 | +1.03 | 9.12 |
| Far East Gth Acc ♥ | 5¼ | 102.50 | 102.50 | 109.50 | +1.50 | 0.28 |
| Gilt & F I | 5¼ | 51.47 | 51.47xd | 54.49 | +0.08 | 9.19 |
| (Accum Units) | 5¼ | 108.30 | 108.30 | 114.60 | +0.20 | 9.19 |

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 - 379 - 0444.

# FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1600)F

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mgmt Ltd

## INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acuma Life Assurance Ltd

Allianz Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Assurance Plc – Contd.

Ambassador Life Assur. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident (z)

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Graham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange – Contd.

Hearts of Oak Insurance Group

Henderson Administration(z)

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance(z)

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd – Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

## OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

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**N & P Life Assurance Ltd**
6-7 Bedford Row London WC1R 4UJ 071-430 2348

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Life Managed Fd | 98.8 | 104.0 | +1.2 | – |
| Pension Managed Fd | 94.4 | 99.4 | +0.9 | – |
| Life Deposit Fd | 104.8 | 110.3 | +0.1 | – |
| Pension Deposit Fd | 108.9 | 114.6 | +0.1 | – |

**National Financial Management Corp PLC**
72 Gatehouse Rd Aylesbury, HP19 3XJ 0296 395539

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Managed Cautionary | 103.2 | 112.0 | +0.2 | – |
| Managed Growth | 125.9 | 137.6 | +0.3 | – |
| Managed Opportunity | 121.8 | 133.9 | +0.3 | – |
| NFMC Target Financial | 94.0 | 101.1 | +0.3 | – |
| **Pension Funds** | | | | |
| Managed Cautionary | 111.6 | 122.0 | +0.2 | – |
| Managed Growth | 131.6 | 144.7 | +0.1 | – |
| Managed Opportunity | 124.4 | 136.0 | +0.2 | – |
| NFMC Target Mngd Pen | 1408.9 | 1531.5 | -2.4 | – |

**National Mutual Life**
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Harvester Pension Funds** | | | | |
| Managed | 150.7 | 158.7 | | – |
| UK Equity | 156.4 | 164.5 | | – |
| Overseas Equity | 124.6 | 131.2 | | – |
| Fixed Interest | 143.1 | 150.7 | | – |
| Property | 130.7 | 137.6 | | – |
| Index Linked | 145.4 | 153.1 | | – |
| Deposit | 150.9 | 158.9 | | – |
| With Profits 'B' | 126.3 | 133.0 | | – |

**National Provident Institution**
48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Managed | 329.4 | 346.8 | +3.7 | – |
| UK Equity | 415.2 | 437.1 | +5.9 | – |
| Overseas Eq. | 315.6 | 332.3 | +4.8 | – |
| Americas | 245.1 | 258.1 | +2.6 | – |
| Far East | 331.0 | 348.5 | +7.1 | – |
| Property | 194.1 | 204.4 | +0.1 | – |
| Fixed Int. | 255.1 | 268.2 | +0.4 | – |

**Prosperity Life Assurance Ltd**
3 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Initial Equity | 147.0 | 158.5 | +1.5 | – |
| Accum Equity | 208.5 | 219.5 | +1.5 | – |
| Accum Managed | 215.0 | 227.0 | +2.0 | – |
| Accum Five Star | 158.0 | 167.0 | +0.5 | – |
| Accum World | 115.0 | 121.5 | +1.0 | – |
| Accum Lifetime | 106.5 | 106.5 | +0.5 | – |
| Pens Acc Equity | 223.0 | 235.0 | +2.5 | – |
| Pens Acc Managed | 263.5 | 278.0 | +3.0 | – |
| Pens Acc Intl | 190.5 | 201.0 | +3.0 | – |
| Pens Acc Deposit | 192.0 | 202.5 | | – |
| Pens Acc Five Star | 170.0 | 179.5 | +1.0 | – |

**Providence Capitol Life Assc. Co Ltd**
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc | 212.3 | 224.0 | +2.3 | – |
| UK Fixed Int Acc | 168.5 | 177.8 | +0.3 | – |
| Intl Equities Acc | 162.1 | 171.0 | +1.7 | – |
| UK Managed Acc | 164.7 | 173.7 | +1.2 | – |
| Property Acc | 226.3 | 238.8 | – | – |
| Money Acc | 126.1 | 133.1 | +0.1 | – |
| Special Market Acc | 125.7 | 132.6 | +2.1 | – |
| Japan Equity Acc | 99.5 | 105.0 | +2.5 | – |
| North American Acc | 93.1 | 98.3 | +1.3 | – |
| Pacific Acc | 83.4 | 88.0 | +1.0 | – |
| Technology Acc | 102.0 | 107.7 | +0.2 | – |
| Nat Resources Acc | 47.5 | 50.2 | -0.3 | – |
| European Acc | 96.6 | 102.0 | +0.9 | – |
| Residential Prop Acc | 95.7 | 101.0 | | – |
| Swiss Equities Acc | 34.3 | 36.2 | +0.3 | – |
| Hong Kong Acc | 53.6 | 56.6 | +1.4 | – |
| UK High Inc Eq Acc | 70.8 | 74.7 | +1.0 | – |
| Intl Fixed Interest Acc | 54.6 | 57.7 | +0.1 | – |
| Intl Managed Acc | 53.3 | 56.2 | +0.4 | – |
| MIP Managed Acc | 105.7 | 111.4 | +0.5 | – |
| MIP Managed II Acc | 93.4 | 98.5 | +1.0 | – |
| MIP Managed III Acc | – | – | | – |
| **Total Investment Bond** | | | | |
| UK Equity Initial | | 145.1 | +1.5 | – |
| UK Fixed Int Initial | | 119.3 | +0.2 | – |
| Intl Equities Initial | | 110.1 | +1.1 | – |
| UK Managed Initial | | 112.7 | +0.8 | – |
| Property Initial | | 155.9 | -0.1 | – |
| Money Initial | | 86.7 | +0.1 | – |
| Special Market Initial | | 98.1 | +1.5 | – |

**Chase de Vere PLC**
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Safe Trust Fd | 99.1 | 104.3 | -0.1 | – |
| Safeguard Fd | 94.5 | 99.5 | -0.2 | – |
| United Kingdom Fd | 144.1 | 161.4 | +0.9 | – |
| Worldwide Fd | 106.0 | 111.5 | +0.5 | – |

**ECU Futures Plc**

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| ECU Group Fund | | 187.0 | +13.0 | – |
| ECU Reader | | 92.0 | – | – |

**Edinburgh Money Management Ltd**
4a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Select Portfolio | 128.3 | 29.81 | – | – |

**Hambros Fd Mgrs (CI) Ltd**
PO Box 255 Guernsey 0481 715454

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

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## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# War developments boost dollar

HOPES OF a fast and successful conclusion to the Gulf war drove the dollar up sharply on the foreign exchanges yesterday. At the time of the London close reports of allied gains gave the dollar strong support, despite a warning from US President George Bush that the allies must guard against euphoria.

The US currency was also underpinned by a move out of the D-Mark, partly on concern about political instability in the Soviet Union - up to 200,000 demonstrators were reported to have massed in the centre of Moscow on Sunday in support of Mr Boris Yeltsin, president of the Russian Federation, in his struggle against Soviet President Mikhail Gorbachev - but also on the high cost of German unification. German Chancellor Helmut Kohl's administration has conceded that it must raise taxes to pay for unification and also to fund Germany's contribution to the allied war effort.

The dollar touched a peak of DM1.5245 during European trading, and closed in London only slightly lower at DM1.5225, compared with DM1.5040 on Friday. It also advanced to Y133.35 from Y132.25, to SFr1.3035 from SFr1.2895 and to FFr5.1750 from FFr5.1175. The dollar's index rose to 61.4 from 60.7.

Sterling showed no adverse reaction to a widening of the UK trade gap. The January current account deficit increased to £1.2bn from a revised £855m in December. Financial markets were looking for a current account shortfall of around £800m, but dealers accepted the UK Treasury's view that the wider gap had resulted from erratic items and that on a quarterly basis the deficit is clearly shrinking.

A slight firming of wholesale interest rates in London, provided a little support for the pound, but the market has already discounted a cut of ½ point in UK bank base rates in spite of recent warning's from the Bank of England against putting too much downward pressure on rates.

Sterling fell 2.10 cents against the strong dollar, but rose to DM2.9275 from DM2.9250 and to FFr9.9525 from FFr9.9475. The pound was unchanged at SFr2.5075 but eased to Y256.50 from Y257.00. Its index fell 0.2 to 94.2.

Within the European Monetary System sterling was above the weakest placed French franc and the Danish krone. A weakening of the D-Mark kept trading calm among the members of the EMS exchange rate mechanism, despite the fact that the Spanish peseta was knocking against its ceiling in terms of the French franc.

The peseta gained ground after the Bank of Spain declined to ease its credit policy when injecting funds into the Madrid money market yesterday.

The Bank of France and the Belgian National Bank also kept policies unchanged when providing liquidity for their respective domestic money markets.

### £ IN NEW YORK

| Feb 25 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.9250-1.9260 | 1.9440-1.9450 |
| 1 month | 0.98-0.96pm | 1.01-0.99pm |
| 3 months | 2.80-2.77pm | 2.91-2.88pm |
| 12 months | 8.57-8.27pm | 8.61-8.51pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Feb 25 | Previous |
|---|---|---|
| 8.30 am | 94.5 | 94.4 |
| 9.00 am | 94.5 | 94.3 |
| 10.00 am | 94.4 | 94.4 |
| 11.00 am | 94.4 | 94.4 |
| Noon | 94.2 | 94.4 |
| 1.00 pm | 94.2 | 94.4 |
| 2.00 pm | 94.2 | 94.4 |
| 3.00 pm | 94.2 | 94.4 |
| 4.00 pm | 94.2 | 94.4 |

### CURRENCY MOVEMENTS

| Feb 25 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 94.2 | -18.1 |
| U.S. Dollar | 61.4 | -18.2 |
| Canadian Dollar | 102.6 | +0.7 |
| Austrian Schilling | 120.3 | +12.2 |
| Belgian Franc | 112.3 | -1.4 |
| Danish Krone | 110.7 | +5.0 |
| D-Mark | 119.6 | +26.0 |
| Swiss Franc | 114.0 | +22.4 |
| Dutch Guilder | 115.3 | +16.8 |
| French Franc | 154.4 | -12.2 |
| Lira | 150.4 | -18.9 |
| Yen | 132.1 | +56.7 |

Morgan Guaranty changes average 1980-1982=100. Bank of England Index (Base average 1985=100). **Rates are for Feb 22.

### CURRENCY RATES

| Feb 25 | Bank rate % | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | - | 0.732113 | 0.700548 |
| U.S. Dollar | 6.00 | 1.43604 | 1.35507 |
| Canadian $ | 10.26 | 1.65403 | 1.56172 |
| Austrian Sch | 7 | 15.0339 | 14.4369 |
| Belgian Franc | 10.50 | 44.1008 | 42.2544 |
| Danish Krone | 9½ | 8.21989 | 7.88854 |
| D-Mark | 6.50 | 2.13668 | 2.05212 |
| Dutch Guilder | 7.75 | 2.41499 | 2.31270 |
| French Franc | 10¼ | 7.29006 | 6.97725 |
| Italian Lira | 12½ | 1602.48 | 1534.28 |
| Japanese Yen | 6 | 188.265 | 179.614 |
| Norway Krone | 8 | 8.35057 | 8.01862 |
| Spanish Peseta | - | 133.260 | 127.702 |
| Swedish Krona | 11 | 7.96430 | 7.62498 |
| Swiss Franc | 6.00 | 1.82736 | 1.75617 |
| Greek Drach | 19 | N/A | 220.253 |
| Irish Punt | - | N/A | 0.770276 |

† European Commission Calculations.
* All SDR rates are for Feb 22

### OTHER CURRENCIES

| Feb 25 | £ | $ |
|---|---|---|
| Argentina | 18009.6 - 18052.9 | 9330.00 - 9350.00 |
| Australia | 2.4615 - 2.4635 | 1.2765 - 1.2775 |
| Brazil | 429.490 - 430.565 | 222.500 - 223.000 |
| Finland | 7.0695 - 7.0830 | 3.6670 - 3.6700 |
| Greece | 311.80 - 316.35 | 160.55 - 163.15 |
| Hong Kong | 15.0365 - 15.0505 | 7.7925 - 7.7945 |
| Iran | 124.40 | 62.50 |
| Korea(Sth) | 1386.90 - 1409.25 | 720.10 - 725.70 |
| Kuwait | N/A | N/A |
| Luxembourg | 60.25 - 60.35 | 31.30 - 31.40 |
| Malaysia | 5.2225 - 5.2310 | 2.7055 - 2.7075 |
| Mexico | 5738.75 - 5742.20 | 2973.00 - 2983.00 |
| N.Zealand | 3.2250 - 3.2300 | 1.6725 - 1.6745 |
| Saudi Ar | 7.2560 - 7.2995 | 3.7490 - 3.7510 |
| Singapore | 3.3236 - 3.3310 | 1.7160 - 1.7180 |
| S.Af (Cm) | 4.9335 - 4.9460 | 2.5620 - 2.5635 |
| S.Af (Fn) | 6.0410 - 6.1360 | 3.0865 - 3.1350 |
| Taiwan | 53.00 - 53.10 | 27.10 - 27.15 |
| U.A.E. | 7.1090 - 7.1495 | 3.6720 - 3.6740 |

* Selling rate

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Feb 25 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 127.702 | -4.44 | 5.89 | 77 |
| Belgian Franc | 42.4032 | 42.2544 | -0.35 | 1.56 | 24 |
| Italian Lira | 1538.24 | 1534.28 | -0.26 | 1.45 | 20 |
| D-Mark | 2.05586 | 2.05212 | -0.18 | 1.38 | 21 |
| Dutch Guilder | 2.31643 | 2.31270 | -0.16 | 1.35 | 15 |
| Irish Punt | 0.767417 | 0.770276 | 0.37 | 0.82 | -10 |
| Sterling | 0.696904 | 0.700548 | 0.52 | 0.67 | -11 |
| Danish Krone | 7.84195 | 7.88854 | 0.59 | 0.59 | -20 |
| French Franc | 6.89509 | 6.97725 | 1.19 | 0.00 | -57 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Feb 25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.9210 - 1.9430 | 1.9225 - 1.9235 | 0.99-0.97cpm | 6.12 | 2.78-2.75pm | 5.75 |
| Canada | 2.2120 - 2.2425 | 2.2155 - 2.2165 | 0.63-0.52cpm | 3.11 | 1.63-1.49pm | 2.82 |
| Netherlands | 3.2925 - 3.3070 | 3.2925 - 3.3025 | 1⅛-⅞cpm | 3.64 | 3-2⅞pm | 3.56 |
| Belgium | 60.10 - 60.45 | 60.25 - 60.35 | 19-16cpm | 3.48 | 52-45pm | 3.22 |
| Denmark | 11.2270 - 11.2850 | 11.2200 - 11.2300 | 2⅝-2⅛orepm | 2.61 | 7⅜-6⅝pm | 2.49 |
| Ireland | 1.0975 - 1.1100 | 1.0995 - 1.1005 | 0.28-0.19cpm | 2.56 | 0.65-0.43pm | 1.96 |
| Germany | 2.9250 - 2.9330 | 2.9250 - 2.9300 | 1-⅞pfpm | 3.84 | 2⅞-2⅝pm | 3.50 |
| Portugal | 255.10 - 257.20 | 255.10 - 256.10 | 3-56cdis | -0.92 | 81-162dis | -1.90 |
| Spain | 181.50 - 182.75 | 181.80 - 182.10 | 15-22cdis | -1.22 | 56-67dis | -1.35 |
| Italy | 2182.90 - 2196.60 | 2187.50 - 2188.50 | 2lirepm-par | 0.55 | 3-1pm | 0.37 |
| Norway | 11.4165 - 11.4495 | 11.4225 - 11.4325 | 2⅝-1⅞orepm | 2.23 | 5¼-4⅝pm | 1.73 |
| France | 9.9450 - 9.9745 | 9.9475 - 9.9575 | 2⅞-2⅛cpm | 3.39 | 8-7⅝pm | 3.14 |
| Sweden | 10.8515 - 10.9120 | 10.8600 - 10.8730 | 1-⅛orepm | 0.97 | 1⅝-1⅛pm | 0.55 |
| Japan | 256.30 - 256.80 | 256.00 - 257.00 | 1⅛-⅞ypm | 4.68 | 3-2⅞pm | 4.58 |
| Austria | 20.56 - 20.63 | 20.56 - 20.59 | 6⅛-5⅛grpm | 3.57 | 18⅝-16⅝pm | 3.40 |
| Switzerland | 2.5025 - 2.5125 | 2.5025 - 2.5125 | 1-⅞cpm | 4.49 | 2⅞-2⅝pm | 4.09 |
| Ecu | 1.4125 - 1.4210 | 1.4195 - 1.4205 | 0.43-0.38cpm | 3.42 | 1.16-1.07pm | 3.14 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.10-5.05cpm. 12 Month 8.40-8.30pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Feb 25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9210 - 1.9430 | 1.9225 - 1.9235 | 0.99-0.97cpm | 6.12 | 2.78-2.75pm | 5.75 |
| Ireland† | 1.7480 - 1.7645 | 1.7465 - 1.7495 | 0.60-0.55cpm | 3.95 | 1.80-1.70pm | 4.00 |
| Canada | 1.1510 - 1.1540 | 1.1515 - 1.1525 | 0.27-0.31cdis | -3.02 | 0.83-0.88dis | -2.97 |
| Netherlands | 1.6990 - 1.7155 | 1.7145 - 1.7155 | 0.30-0.33cdis | -2.20 | 0.92-0.96dis | -2.19 |
| Belgium | 31.00 - 31.40 | 31.30 - 31.40 | 5.00-7.00cdis | -2.30 | 17.00-21.00dis | -2.42 |
| Denmark | 5.7975 - 5.8400 | 5.8350 - 5.8400 | 1.50-1.80oredis | -3.39 | 4.40-5.00dis | -3.22 |
| Germany | 1.5070 - 1.5245 | 1.5220 - 1.5230 | 0.27-0.29pfdis | -2.21 | 0.83-0.85dis | -2.21 |
| Portugal | 132.55 - 133.20 | 133.05 - 133.15 | 70-60cdis | -6.76 | 240-260dis | -7.51 |
| Spain | 92.90 - 94.80 | 94.70 - 94.80 | 55-60cdis | -7.23 | 15-175dis | -4.01 |
| Italy | 1127.25 - 1138.25 | 1137.50 - 1138.00 | 4.70-5.20liredis | -5.22 | 14.50-15.50dis | -5.27 |
| Norway | 5.8920 - 5.9450 | 5.9400 - 5.9450 | 1.67-2.02oredis | -3.73 | 5.65-6.15dis | -3.97 |
| France | 5.1245 - 5.1795 | 5.1725 - 5.1775 | 0.10-0.12cdis | -0.26 | 0.32-0.33dis | -0.25 |
| Sweden | 5.5560 - 5.6540 | 5.6475 - 5.6525 | 2.21-2.45oredis | -4.95 | 7.05-7.50dis | -5.15 |
| Japan | 131.95 - 133.60 | 133.30 - 133.40 | 0.13-0.15ydis | -1.26 | 0.34-0.37dis | -1.06 |
| Austria | 10.6120 - 10.6820 | 10.6750 - 10.6800 | 2.00-2.40grodis | -2.47 | 5.60-6.70dis | -2.30 |
| Switzerland | 1.2995 - 1.3060 | 1.3030 - 1.3040 | 0.14-0.17cdis | -1.43 | 0.38-0.43dis | -1.24 |
| Ecu | 1.3520 - 1.3675 | 1.3530 - 1.3540 | 0.32-0.30cpm | 2.75 | 0.93-0.89pm | 2.69 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Feb 25 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 14 - 13¾ | 13⅞ - 13¾ | 13⅝ - 13½ | 13 - 12⅞ | 12⅝ - 12½ | 11⅞ - 11¾ |
| US Dollar | 6⅞ - 6¾ | 6⅞ - 6¾ | 6⅝ - 6½ | 6⅝ - 6½ | 6⅝ - 6½ | 7⅛ - 6⅞ |
| Can. Dollar | 9¾ - 9⅝ | 9⅞ - 9¾ | 9¾ - 9⅝ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Dutch Guilder | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 |
| Swiss Franc | 8⅝ - 8⅜ | 8⅝ - 8⅜ | 8⅛ - 8 | 8⅛ - 8 | 7⅞ - 7¾ | 7⅞ - 7⅝ |
| D-Mark | 8⅞ - 8¾ | 8⅞ - 8¾ | 9 - 8⅞ | 9⅛ - 8⅞ | 9⅛ - 8⅞ | 9⅛ - 8⅞ |
| French Franc | 9½ - 9⅜ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ |
| Italian Lira | 13 - 11 | 12½ - 11½ | 12½ - 12 | 12⅜ - 11⅞ | 12⅜ - 12 | 12½ - 12¼ |
| Belgian Franc | 9⅛ - 9 | 9⅛ - 9 | 9⅜ - 9¼ | 9⅜ - 9¼ | 9⅜ - 9¼ | 9⅜ - 9¼ |
| Yen | 8⅛ - 8 | 8⅛ - 8 | 8⅛ - 7⅞ | 8 - 7⅞ | 7⅞ - 7¾ | 7⅞ - 7¾ |
| Danish Krone | 10⅞ - 10⅝ | 10⅞ - 10⅝ | 10⅞ - 10⅝ | 10⅞ - 10⅝ | 10⅞ - 10⅝ | 10⅞ - 10⅝ |
| Asian $Sing | 6⅞ - 6¾ | 6⅞ - 6¾ | 6⅞ - 6¾ | 6⅞ - 6⅝ | 6⅞ - 6⅝ | 7 - 6⅞ |

Long term Eurodollars: two years 7⅛-6⅞ per cent; three years 8-7⅞ per cent; four years 8¼-8⅛ per cent; five years 8½-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Feb.25 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.923 | 2.928 | 256.5 | 9.953 | 2.508 | 3.298 | 2188 | 2.216 | 60.30 |
| $ | 0.520 | 1 | 1.523 | 133.4 | 5.176 | 1.304 | 1.715 | 1138 | 1.152 | 31.36 |
| DM | 0.342 | 0.657 | 1 | 87.60 | 3.399 | 0.857 | 1.126 | 747.3 | 0.757 | 20.59 |
| YEN | 3.899 | 7.497 | 11.42 | 1000 | 38.80 | 9.778 | 12.86 | 8530 | 8.639 | 235.1 |
| F Fr. | 1.005 | 1.932 | 2.942 | 257.7 | 10. | 2.520 | 3.314 | 2198 | 2.226 | 60.58 |
| S Fr. | 0.399 | 0.767 | 1.167 | 102.3 | 3.969 | 1 | 1.315 | 872.4 | 0.884 | 24.04 |
| H Fl. | 0.303 | 0.583 | 0.888 | 77.77 | 3.018 | 0.760 | 1 | 663.4 | 0.672 | 18.28 |
| Lira | 0.457 | 0.879 | 1.338 | 117.2 | 4.549 | 1.146 | 1.507 | 1000. | 1.013 | 27.56 |
| C $ | 0.451 | 0.868 | 1.321 | 115.7 | 4.491 | 1.132 | 1.488 | 987.4 | 1 | 27.21 |
| B Fr. | 1.658 | 3.189 | 4.856 | 425.4 | 16.51 | 4.159 | 5.469 | 3629 | 3.675 | 100. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

**LIFFE LONG GILT FUTURES OPTIONS**
£50,000 64ths of 100%

| Strike Price | Calls-settlements Jun | Calls-settlements Sep | Puts-settlements Jun | Puts-settlements Sep |
|---|---|---|---|---|
| 90 | 3-59 | 4-41 | 0-33 | 0-63 |
| 91 | 3-10 | 3-61 | 0-48 | 1-19 |
| 92 | 2-30 | 3-21 | 1-04 | 1-43 |
| 93 | 1-55 | 2-49 | 1-29 | 2-07 |
| 94 | 1-23 | 2-17 | 1-61 | 2-39 |
| 95 | 1-00 | 1-53 | 2-38 | 3-11 |
| 96 | 0-46 | 1-30 | 3-20 | 3-52 |
| 97 | 0-33 | 1-10 | 4-07 | 4-32 |

Estimated volume total, Calls 900 Puts 152
Previous day's open int. Calls 5271 Puts 1992

**LIFFE US TREASURY BOND FUTURES OPTIONS**
$100,000 64ths of 100%

| Strike Price | Calls-settlements Jun | Calls-settlements Sep | Puts-settlements Jun | Puts-settlements Sep |
|---|---|---|---|---|
| 93 | 4-14 | 4-30 | 0-40 | 1-28 |
| 94 | 3-29 | 3-53 | 0-55 | 1-51 |
| 95 | 2-48 | 3-16 | 1-10 | 2-14 |
| 96 | 2-08 | 2-47 | 1-34 | 2-45 |
| 97 | 1-38 | 2-18 | 2-00 | 3-16 |
| 98 | 1-09 | 1-56 | 2-35 | 3-54 |
| 99 | 0-51 | 1-34 | 3-13 | 4-32 |
| 100 | 0-34 | 1-15 | 3-60 | 5-13 |

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 165 Puts 23

**LIFFE BUND FUTURES OPTIONS**
DM250,000 points of 100%

| Strike Price | Calls-settlements Jun | Calls-settlements Sep | Puts-settlements Jun | Puts-settlements Sep |
|---|---|---|---|---|
| 8400 | 2.14 | 2.51 | 0.33 | 0.60 |
| 8450 | 1.76 | 2.16 | 0.45 | 0.75 |
| 8500 | 1.42 | 1.84 | 0.61 | 0.93 |
| 8550 | 1.12 | 1.54 | 0.81 | 1.13 |
| 8600 | 0.86 | 1.27 | 1.05 | 1.36 |
| 8650 | 0.65 | 1.04 | 1.34 | 1.63 |
| 8700 | 0.49 | 0.84 | 1.68 | 1.93 |
| 8750 | 0.36 | 0.68 | 2.05 | 2.27 |

Estimated volume total, Calls 1477 Puts 2181
Previous day's open int. Calls 53038 Puts 38204

**LIFFE EUROMARK OPTIONS**
DM1m points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 9000 | 0.94 | 1.16 | 0 | 0.01 |
| 9025 | 0.69 | 0.92 | 0 | 0.02 |
| 9050 | 0.45 | 0.69 | 0.01 | 0.04 |
| 9075 | 0.23 | 0.49 | 0.04 | 0.09 |
| 9100 | 0.07 | 0.31 | 0.13 | 0.16 |
| 9125 | 0.03 | 0.19 | 0.34 | 0.29 |
| 9150 | 0.01 | 0.10 | 0.57 | 0.45 |
| 9175 | 0 | 0.05 | 0.81 | 0.65 |

Estimated volume total, Calls 1998 Puts 0
Previous day's open int. Calls 22795 Puts 20781

**LIFFE EURODOLLAR OPTIONS**
US$1m points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 9225 | 0.88 | 1.02 | 0 | 0.02 |
| 9250 | 0.63 | 0.79 | 0 | 0.04 |
| 9275 | 0.40 | 0.57 | 0.02 | 0.07 |
| 9300 | 0.18 | 0.38 | 0.05 | 0.13 |
| 9325 | 0.04 | 0.22 | 0.16 | 0.22 |
| 9350 | 0.02 | 0.13 | 0.39 | 0.38 |
| 9375 | 0 | 0.07 | 0.62 | 0.57 |
| 9400 | 0 | 0.03 | 0.87 | 0.78 |

Estimated volume total, Calls 150 Puts 50
Previous day's open int. Calls 2939 Puts 2382

**LIFFE SHORT STERLING OPTIONS**
£500,000 points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 8650 | 0.86 | 2.06 | 0 | 0 |
| 8675 | 0.62 | 1.82 | 0.01 | 0.01 |
| 8700 | 0.40 | 1.58 | 0.04 | 0.02 |
| 8725 | 0.21 | 1.35 | 0.10 | 0.04 |
| 8750 | 0.10 | 1.12 | 0.24 | 0.06 |
| 8775 | 0.05 | 2.92 | 3.44 | 0.10 |
| 8800 | 0.02 | 0.72 | 3.66 | 0.16 |
| 8825 | 0.01 | 0.54 | 0.90 | 0.23 |

Estimated volume total, Calls 4230 Puts 1932
Previous day's open int. Calls 78581 Puts 58892

### LONDON (LIFFE)

**20-YEAR 9% NOTIONAL GILT**
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 92-24 | 93-09 | 92-23 | 93-00 |
| Jun | 93-13 | 93-30 | 93-14 | 93-19 |

Estimated volume 38269 (26357)
Previous day's open int. 47646 (50658)

**US TREASURY BONDS 8%**
$100,000 32nds of 100%

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8%**
$100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 97-10 | 97-17 | 97-05 | 97-04 |
| Jun | 96-24 | 96-30 | 96-19 | 96-18 |
| Sep | 96-07 | 96-07 | 96-01 | 95-31 |
| Dec | 95-20 | 95-20 | 95-17 | 95-14 |
| Mar | - | - | - | 94-29 |
| Jun | - | - | - | 94-13 |
| Sep | - | - | - | 93-29 |
| Dec | - | - | - | 93-14 |

**JAPANESE YEN (IMM)**
Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 0.7521 | 0.7541 | 0.7518 | 0.7552 |
| Jun | 0.7506 | 0.7522 | 0.7501 | 0.7532 |
| Sep | - | - | 0.7500 | 0.7521 |
| Dec | - | - | - | 0.7520 |

**DEUTSCHE MARK (IMM)**
DM125,000 $ per DM

**THREE-MONTH PIBOR FUTURES (MATIF)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| March | 90.45 | 90.42 | +0.02 | 90.49 | 90.42 | 9.58 | 16,597 |
| June | 90.74 | 90.69 | -0.01 | 90.75 | 90.69 | 9.31 | 16,517 |
| September | 90.90 | 90.88 | -0.02 | 90.91 | 90.87 | 9.13 | 4,394 |
| December | 90.97 | 90.95 | +0.02 | 90.97 | 90.95 | 9.05 | 1,865 |

Estimated volume 6,579 Total Open Interest 41,373

**CAC-40 FUTURES (MATIF) Stock Index**

| | Open | Close | Change | High | Low | Open Int. |
|---|---|---|---|---|---|---|
| February | 1743.0 | 1741.0 | +23.0 | 1749.0 | 1735.0 | 7,626 |
| March | 1759.0 | 1755.0 | +23.0 | 1764.0 | 1752.0 | 5,154 |
| April | 1770.0 | 1770.0 | +25.0 | 1770.0 | 1770.0 | 4 |
| June | - | - | - | - | - | 200 |

Estimated volume 7,912 Total Open Interest 12,984

**FT FOREIGN EXCHANGE RATES**

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.9230 | 1.9152 | 1.8954 | 1.8723 | 1.8395 |

**DM-STERLING $s per £**

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 1.9198 | 1.9270 | 1.9196 | 1.9344 |
| Jun | 1.8934 | 1.9000 | 1.8922 | 1.9078 |
| Sep | - | - | 1.8700 | 1.8874 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 13½ | Co-operative Bank | 13½ | Nat Bk of Kuwait | 13½ |
| Adam & Company | 13½ | Coutts & Co | 13½ | NatWestminster | 13½ |
| Allied Trust Bank | 14 | Cyprus Popular Bk | 13½ | Northern Bank Ltd | 13½ |
| AIB Bank | 13½ | Dunbar Bank PLC | 13½ | Norwich Mortgage Bank | 14 |
| • Henry Ansbacher | 13½ | Duncan Lawrie | 13½ | Provincial Bank PLC | 15 |
| Associates Cap Corp | 15½ | Equatorial Bank plc | 14 | Roxburghe Bank Ltd | 14½ |
| B & C Merchant Bank | 13½ | Exeter Bank Limited | 14 | Royal Bk of Scotland | 13½ |
| Bank of Baroda | 13½ | Financial & Gen. Bank | 13½ | • Smith & Williamson Secs. | 13½ |
| Banco Bilbao Vizcaya | 13½ | First National Bank Plc. | 16 | Standard Chartered | 13½ |
| Bank Credit & Comm | 13½ | • Robert Fleming & Co | 13½ | TSB | 13½ |
| Bank of Cyprus | 13½ | Robert Fraser & Ptrs. | 14 | Unibank plc | 13½ |
| Bank of Ireland | 13½ | Girobank | 13½ | • United Bk of Kuwait | 13½ |
| Bank of India | 13½ | • Guinness Mahon | 13½ | United Mizrahi Bank | 13½ |
| Bank of Scotland | 13½ | • Hambros Bank | 13½ | Unity Trust Bank Plc | 13½ |
| Banque Belge Ltd | 13½ | Hampshire Trust Plc | 14½ | Western Trust | 13½ |
| Barclays Bank | 13½ | Heritable & Gen Inv Bnk. | 14 | Westpac Bank Corp. | 13½ |
| Benchmark Bank | 14 | • Hill Samuel | 13½ | Whiteaway Laidlaw | 13½ |
| Brit Bk of Mid East | 13½ | C. Hoare & Co. | 13½ | Yorkshire Bank | 13½ |
| • Brown Shipley | 13½ | Hongkong & Shanghai | 13½ | | |
| CL Bank Nederland | 13½ | • Leopold Joseph & Sons | 13½ | | |
| • Charterhouse Bank | 13½ | Lloyds Bank | 13½ | | |
| Citibank NA | 13½ | Meghraj Bank Ltd | 13½ | | |
| City Merchants Bank | 13½ | McDonnell Douglas Bnk. | 13½ | | |
| Clydesdale Bank | 13½ | Midland Bank | 13½ | | |
| Comm.Bk.of London Plc | 13½ | Mount Banking | 13½ | | |

• Members of British Merchant Banking & Securities Houses Association.

## MONEY MARKETS

# A firmer tone

INTEREST RATES firmed in London on publication of a larger than expected January UK trade deficit. There was also some disappointment that the Bank of Spain left its money market intervention rate unchanged, while the Bank of England indicated caution about pushing rates down too quickly.

**UK clearing bank base lending rate 13.5 per cent from February 13, 1991**

Three-month sterling interbank rose to 13-12⅞ from 12 15/16-12 13/16 per cent, and 12-month money firmed to 12-11⅞ from 11 15/16-11 13/16 per cent.

Prices of short sterling futures weakened on Liffe, as yesterday's events dented the mood of euphoria on interest rate trends. March short sterling opened higher at 87.48, but fell to a low of 87.34, before closing at 87.36 compared with 87.40 previously.

Day-to-day credit remained in short supply on the cash market. The Bank of England initially forecast a shortage of £1,250m. This was revised to £1,200m at noon and back to £1,250m in the afternoon. Total assistance of £1,200m was provided.

An early round of help was offered and at that time the authorities indicated caution on rates when buying £100m bills for resale to the market on March 18 at a rate of 13⅞ per cent.

Before lunch £657m bills were purchased outright, by way of £1m Treasury bills in band 1 at 13⅜ per cent; £494m bank bills in band 1 at 13⅜ per cent; £9m Treasury bills in band 2 at 13¼ per cent; and £153m bank bills in band 2 at 13¼ per cent.

In the afternoon £343m bills were bought outright, via £261m bank bills in band 1 at 13⅜ per cent and £82m bank bills in band 2 at 13¼ per cent. Late assistance of around £100m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,027m, with the unwinding of repurchase agreements on bills absorbing £395m, exchequer transactions £270m and bank balances below target £90m. These offset a fall in the note circulation adding £530m to liquidity.

In Madrid the Bank of Spain left its money market intervention rate at 14.5 per cent at yesterday's repurchase tender for central bank certificates.

In Paris the Bank of France left its intervention rate at 9.25 per cent and the five to 10-day repurchase rate at 10 per cent at a securities repurchase tender.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Feb.25) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 6⅝ | offer 6¾ | bid 6⅝ | offer 6¾ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** — Treasury Bills and Bonds

(Lunchtime)

| | | | | | |
|---|---|---|---|---|---|
| Prime rate | 9.00 | One month | 6.37 | Three year | 7.22 |
| Broker loan rate | 8.50 | Two month | 6.16 | Four year | 7.41 |
| Fed.funds | 6⅝ | Three month | 6.18 | Five year | 7.58 |
| Fed.funds at intervention | 6¾ | Six month | 6.27 | Seven year | 7.82 |
| | | One year | 6.37 | 10-year | 7.92 |
| | | Two year | 7.00 | 30-year | 8.08 |

| Feb.25 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 8.60-8.70 | 8.70-8.85 | 8.75-8.90 | 8.80-8.95 | 8.85-9.00 | 9.00 |
| Paris | 9¼-9⅜ | 9¼-9⅜ | 9⅜-9½ | 9⅜-9½ | 9⅜-9½ | 9.25 |
| Zurich | 7⅛-7⅜ | 7⅞-8⅛ | - | 7⅞-8⅛ | - | - |
| Amsterdam | 8.81-8.93 | 8.92-9.00 | - | 8.90-9.00 | - | - |
| Tokyo | 8⅛-8⅜ | 8⅛-8⅜ | - | 7⅞-7⅞ | - | - |
| Milan | 12⅞-13⅛ | 13⅛-13½ | - | 13-13⅜ | - | - |
| Brussels | 8⅞-9⅛ | 9⅛-9⅜ | - | 9⅛-9⅜ | - | - |
| Dublin | 11-11¼ | 11⅛-11⅜ | 11⅛-11⅜ | 11⅛-11⅜ | 11-11¼ | - |

### LONDON MONEY RATES

| Feb 25 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 14½ | 14 | 13½ | 13 | 12½ | 12 |
| Interbank Bid | 13½ | 13½ | 13¼ | 12¾ | 12¼ | 11⅝ |
| Sterling CDs | - | - | 13⅜ | 12⅞ | 12⅜ | 11⅞ |
| Local Authority Deps. | 13⅞ | 13⅞ | 13¼ | 12⅞ | 12⅝ | 11⅞ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 14 | 13½ | 13⅛ | 12⅜ | - | - |
| Company Deposits | - | - | 13⅝ | 12 13/16 | 11 13/16 | 11 15/16 |
| Finance House Deposits | - | - | 13⅜ | 13 | 12½ | 12 |
| Treasury Bills (Buy) | - | - | 13 | 12 | 11½ | - |
| Bank Bills (Buy) | - | - | 13¼ | 12¼ | 11⅞ | - |
| Fine Trade Bills (Buy) | - | - | 13⅞ | 12⅞ | 12⅞ | - |
| Dollar CDs | - | - | 6.58 | 6.80 | 6.80 | 6.92 |
| SDR Linked Dep. Offer | - | - | 8¼ | 8⅜ | 8¼ | 8¼ |
| SDR Linked Dep. Bid | - | - | 8⅛ | 8⅛ | 8⅛ | 8⅛ |
| ECU Linked Dep. Offer | - | - | 9½ | 9½ | 9½ | 9½ |
| ECU Linked Dep. Bid | - | - | 9⅜ | 9⅜ | 9⅜ | 9⅜ |

Treasury Bills (sell); one-month 12 15/16 per cent; three months 11⅞ per cent; six months 11⅜ per cent; Bank Bills (sell); one-month 13 per cent; three months 12¼ per cent; Treasury Bills; Average tender rate of discount 12.0616 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1991. Agreed rates for period Feb 26, 1991 to Mar 25, 1991, Scheme I: 15.10 p.c., Schemes II & III: 15.26 p.c. Reference rate for period Jan 1, 1991 to Jan.31, 1991, Scheme IV&V, 14.012 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from February 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.



# MONEY MARKET FUNDS

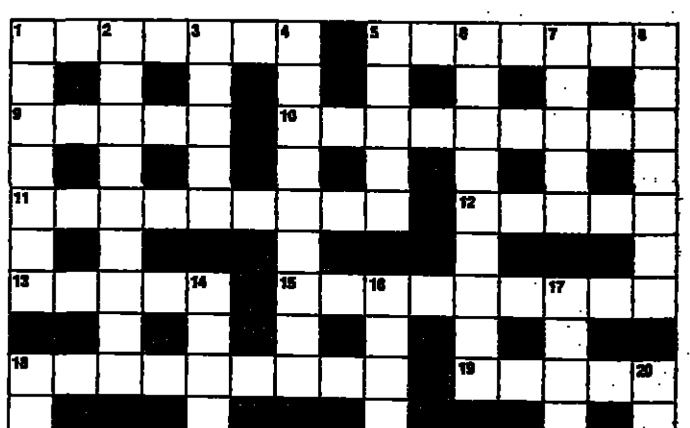
## Money Market Trust Funds

## Money Market Bank Accounts

JOTTER PAD

# CROSSWORD

No.7,479 Set by TANTALUS



**ACROSS**
1 Port authority gets wag to produce printed notice (7)
5 Gas put back in passage so there is food (7)
9 Come across illumination (5)
10 Time lost perhaps getting the last evergreen (9)
11 Singer against pupil returning set of books (9)
12 Price of a rib (5)
13 Cited new order (5)
15 Former 13 intended we hear to show accuracy (9)
18 Operettas composed by inferior writer (9)
19 A joint in Cairo astounded tourists (5)
21 Have a look round outskirts of Dorking for plant (5)
23 Yap? (9)
25 Sailor with nut modified non-conductor (9)
26 Doctor first to spot damp (5)
27 Support champion (7)
28 Set out plan (7)

**DOWN**
1 River clear maybe for sailing vessel (7)
2 Fish in South America (9)
3 An officer upset about change (5)
4 Daughter met uncle by arrangement – it's soothing (9)
5 Catch animal with this girl on 1st October? (5)
6 Call for alternative lawyer (9)
7 Punishes students damaging stage (5)
8 Dignified earl meets member and worker (7)
14 Salesman could be seen on a rope! (9)
16 Could be a carter with oil detailed to make pedestals (9)
17 Effusion by graduate among oriental people (9)
18 Dad plays with items as a hobby (7)
20 Mad hatter on English stage (7)
22 Given treatment in Barbados, editor feels better (5)
23 Early heartbreak (5)
24 Creature makes for the wall in France (5)

Solution to Puzzle No.7,478

# WORLD STOCK MARKETS

[illegible]

## CANADA

### TORONTO

*3.00 pm prices February 25*

Quotations in cents unless marked $

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 34800 | Abitibi Pr | $14¼ | 14⅛ | 14⅛ | −⅛ |
| 75000 | Air Can | $9⅛ | 9⅛ | 9¼ | −⅛ |
| 248500 | AlbNtGas | u$15 | 14⅞ | 14⅞ | |
| 193200 | Alcan Al | $25⅛ | 24⅞ | 25⅛ | −⅛ |
| 225700 | Am Barr | $22⅛ | 21⅝ | 22⅛ | +⅛ |
| 86600 | Bk Montr l | $33½ | 33⅛ | 33⅛ | +⅛ |
| 238500 | Bk Nova Sc | $15 | 14⅞ | 14⅞ | +⅛ |
| 6300 | BC Sugar A | $15 | 14¾ | 15 | |
| 139500 | Belmoral | 13 | 12 | 12½ | +½ |
| 3000 | BGR A | $7½ | 7½ | 7½ | |
| 78200 | Bomb'dierB | $17¼ | 16⅞ | 16⅞ | −¼ |
| 3000 | Bow Valley | $13⅛ | 13⅛ | 13⅛ | |
| 1600 | BP Canada | $16⅛ | 16 | 16 | |
| 141200 | Bramalea | $9½ | 8⅞ | 8⅞ | −⅛ |
| 10600 | Brascan A | $19⅛ | 18⅞ | 19 | +⅛ |
| 13000 | Breakwater | 58 | 55 | 55 | −5 |
| 16100 | BC Tel | $19⅞ | 19⅝ | 19⅞ | +⅛ |
| 5000 | Bruncor | $17⅞ | 17⅜ | 17⅜ | |
| 1500 | Brunswick | u$9⅜ | 9¼ | 9¼ | −⅛ |
| 92400 | CAE Ind | $6⅛ | 5⅞ | 6 | |
| 181100 | Cambior | $9⅛ | 9⅝ | 9⅝ | −⅛ |
| 2900 | Cambridge | $27 | 26⅞ | 27 | |
| 4000 | C'bell Res | 39 | 39 | 39 | +6 |
| 78600 | Campeau Cp | 53 | 50 | 50 | +3 |
| 32300 | Can Northw | 35 | d31½ | 35 | −3 |
| 2200 | Can Occid | u$15¼ | 14⅞ | 15⅛ | +⅛ |
| 227200 | Can Pac | $22½ | 22⅛ | 22⅝ | |
| 6400 | Can Packer | $13⅝ | 13¼ | 13⅛ | |
| 184400 | Can Util A | $20⅛ | d19½ | 19½ | −⅛ |
| 400 | Can Util B | $20⅞ | 20¾ | 20¾ | −⅛ |
| 3100 | Canamax | 38 | 38 | 38 | +1 |
| 9000 | Cantor | $23¼ | 23¼ | 23¼ | −⅛ |
| 900 | Cara Op | $15⅞ | 15⅞ | 15⅞ | |
| 1000 | Carena Dev x | $14⅞ | 14⅝ | 14⅝ | −⅛ |
| 500 | Cascades | 455 | 455 | 445 | −10 |
| 2100 | Cntrl Cap | $7⅝ | 7⅛ | 7⅛ | |
| 42000 | Cinpx Odn | 300 | 288 | 300 | +12 |
| 2200 | Cntrl Fd A | 450 | 445 | 450 | |
| 68100 | Cominco | $24½ | 23⅞ | 24 | −⅛ |
| 400 | Computalog | 250 | 245 | 250 | −5 |
| 1700 | Consum Gas | $33⅛ | 33⅛ | 33 | −⅛ |
| 81300 | Corona Cp | 480 | 470 | 480 | +10 |
| 39400 | CrownX A | 340 | 335 | 340 | +5 |
| 5700 | Denison A | u80 | 70 | 80 | +5 |
| 15800 | Dofasco | $19⅞ | 19½ | 19½ | −⅛ |
| 28800 | Domtn Txt | $7⅛ | 7 | 7 | −⅛ |
| 850 | Domtar Inc | $9¼ | 9¼ | 9¼ | −⅛ |
| 13000 | Du Pont A | d$28½ | 28⅛ | 28⅛ | +⅛ |
| 159600 | Echo Bay M | $8½ | d8⅛ | 8½ | |
| 500 | Emco Ltd | 425 | 425 | 425 | +25 |
| 2500 | Empire | u$12⅛ | 11⅞ | 12⅛ | +⅛ |
| 27100 | FPI Ltd | u$7½ | 7⅛ | 7½ | +⅛ |
| 1300 | Finning x | $14⅛ | 14 | 14 | −⅛ |
| 2900 | Fst Mars A | $8⅛ | 8½ | 8½ | |
| 1700 | Fortis | $23⅛ | 23⅛ | 23⅛ | −⅛ |
| 71800 | Four Seasn | $16⅛ | 15⅞ | 15⅞ | −⅛ |
| 1900 | FrancoNev | $14⅝ | 14⅝ | 14⅝ | −⅛ |
| 30000 | Galactic | 85 | 82 | 85 | +5 |
| 400 | Gal Yknife | 500 | 500 | 500 | −25 |
| 29100 | Glamis Gld | 245 | d240 | 240 | −6 |
| 2000 | Granges | 165 | 165 | 165 | −5 |
| 5100 | GtW Lifeco | $15⅛ | 15 | 15 | −⅛ |
| 16600 | Gulf Cda R | $9⅛ | 8⅞ | 8⅞ | −⅛ |
| 33100 | GW Utils | $28⅛ | 28½ | 28⅝ | +⅛ |
| 3000 | HarrisSt A | 480 | 480 | 480 | −5 |
| 100 | Hawker Sid | $25¼ | 25¼ | 25 | −¼ |
| 1500 | Hees Ind | $18¼ | 18½ | 18⅝ | +⅛ |
| 268100 | Hemlo Gold | $9½ | 9⅛ | 9½ | +⅛ |
| 400 | Hollinger x | $14 | 13⅞ | 13⅞ | −⅛ |
| 22900 | Horsham | $9⅛ | 9⅛ | 9⅛ | |
| 2900 | HudsBayM&S | $5¼ | 5⅛ | 5⅛ | +⅛ |
| 52800 | HudsonsBay | $26⅛ | 26⅛ | 26½ | |
| 23500 | Imasco x | $28¾ | 28⅝ | 28⅝ | |
| 15800 | Imp Oil A | $59 | 58⅝ | 59 | +⅛ |
| 102800 | Inco | $36⅛ | 35⅝ | 35⅞ | +⅛ |
| 4800 | Interhome x | u$49 | 48½ | 48½ | −½ |
| 2700 | Invest Grp | $27⅛ | 27 | 27 | |
| 9600 | Jannock | $15⅝ | 15⅛ | 15⅝ | +⅛ |
| 1400 | KerrAddsn | $15½ | 15⅛ | 15⅛ | |
| 179300 | Lac Mnls | $8⅛ | d7⅞ | 8 | |
| 4600 | Lafarge x | $15½ | 15⅛ | 15⅛ | −⅛ |
| 11400 | Laidlaw A | $20⅛ | 19⅞ | 19⅞ | +⅛ |
| 639900 | Laidlaw B | $19⅞ | 19⅛ | 19½ | |
| 900 | Laurent Bp | $16½ | 16⅛ | 16⅛ | +⅛ |
| 1500 | Laurent Gp | u$6⅛ | 6⅛ | 6½ | |
| 7300 | Lawsor Mar | $9½ | 9⅛ | 9⅛ | −⅛ |
| 164800 | Loblaw | $19⅛ | 19 | 19 | |
| 199400 | Mackenzie | u$8⅝ | 8⅛ | 8⅛ | −⅛ |
| 171800 | Magna IntA | 475 | 390 | 425 | −45 |
| 7800 | Maritl T&T | $19½ | 19⅛ | 19½ | +⅛ |
| 1100 | Mark Res | $8 | 7⅞ | 7⅞ | −⅛ |
| 1000 | MDC Hm B | u$16 | 15⅞ | 15⅞ | −⅛ |
| 18200 | Memotech | u$8⅞ | 8⅝ | 8⅝ | −⅛ |
| 16800 | Metall Mn | $12½ | 12½ | 12½ | |
| 39600 | Mitel Corp | 140 | 138 | 138 | +2 |
| 40000 | Molson A | $39½ | 39⅛ | 39⅜ | |
| 81800 | Moore Corp | $28 | 27⅛ | 27⅞ | +½ |
| 15100 | Muscocho | d8½ | 8½ | 8 | −½ |
| 57100 | Nat Bk Can | u$9⅝ | 9⅛ | 9⅛ | −⅛ |
| 15500 | Noma Ind A | $6⅛ | 6½ | 6½ | |
| 21200 | Noranda | $17⅞ | 17⅝ | 17¾ | +⅛ |
| 3500 | NorcnE 12 | $24⅞ | 24⅝ | 24⅞ | +⅛ |
| 4700 | NorcnNVtg | $23½ | 23¼ | 23¼ | −⅛ |
| 119200 | Nth Tele | $34⅞ | 34 | 34⅛ | −⅛ |
| 4500 | Northgate | 135 | 127 | 127 | +1 |
| 68100 | Nova Corp | u$9½ | 9¼ | 9⅛ | |
| 300 | Nowsco Wl | $14 | 14 | 14 | +⅛ |
| 25300 | Numac Oil | $6⅛ | 6⅛ | 6⅛ | |
| 13300 | Onex Corp | $6½ | 6⅛ | 6⅛ | −⅛ |
| 28500 | Oshawa A | $35 | 34⅞ | 34⅞ | |
| 60900 | PWA Corp | $8⅝ | 8½ | 8½ | −⅛ |
| 4300 | Pagurian A | $6⅛ | 6⅛ | 6⅛ | −⅛ |
| 500 | Pamour Inc | 50 | 50 | 50 | |
| 7000 | Pancdn Pet | $30⅛ | 30⅛ | 30⅛ | −1 |
| 80500 | Pegasus | $13½ | 13⅛ | 13½ | |
| 800 | Pioneer Mt | 10 | 10 | 10 | |
| 178800 | PlacerDome | $16½ | 15⅞ | 16 | +⅛ |
| 6800 | Poco Pet | $6⅞ | d6½ | 6⅞ | |
| 81300 | Power Corp | $17½ | 17¼ | 17¼ | −⅛ |
| 3000 | Power Fin | $19⅞ | 19¾ | 19⅞ | −⅛ |
| 1700 | Provigo | $11½ | 11½ | 11½ | +⅛ |
| 20100 | Ranger Oil | $7⅝ | 7½ | 7½ | +⅛ |
| 900 | Rayrock | $7¾ | 7¾ | 7¾ | −⅛ |
| 35200 | Ren'ssance | $15¼ | 15 | 15⅛ | −⅛ |
| 3500 | Repap Ent | $7¼ | 7¼ | 7¼ | −¼ |
| 2100 | Rio Algom | $19⅞ | 19½ | 19⅝ | −¼ |
| 215800 | RoyalBkCan | $24⅛ | 23¾ | 24 | +⅛ |
| 601500 | RylTrustco | $9 | 8¾ | 8¾ | |
| 2200 | StLawrCm A | $13¾ | 13⅛ | 13¾ | +¼ |
| 5500 | Sceptre Rs | 360 | 345 | 345 | −10 |
| 2300 | ScottPaper | u$18½ | 18⅛ | 18⅛ | −¼ |
| 109900 | Scotts Hos | $16 | 15⅝ | 16 | +¼ |
| 65900 | Seagram Co x | $107½ | 105¾ | 105⅞ | −1⅜ |
| 5100 | Sears Can x | u$11⅞ | 11⅝ | 11⅝ | +⅛ |
| 4000 | ShellCan A | $39½ | 39 | 39½ | −⅛ |
| 1500 | Sherritt G | $7⅝ | 7½ | 7⅝ | +⅛ |
| 2100 | SHL Syst | $5⅞ | 5⅝ | 5⅝ | |
| 2100 | SNC Group | u$16 | 15⅝ | 15⅞ | +⅛ |
| 2700 | Sonora Gld | 20 | 20 | 18 | |
| 371900 | Southam | $18⅝ | 18 | 18⅛ | |
| 4800 | Spar Aero | u$13½ | 13⅛ | 13⅛ | +⅛ |
| 21400 | Stelco A | $11¼ | 11⅛ | 11⅛ | −⅛ |
| 3800 | Teck B | $21⅝ | 21½ | 21⅝ | +⅛ |
| 62200 | Thomson x | $16⅝ | 16⅝ | 16⅝ | |
| 192000 | Tor Dom Bk | $19⅛ | 18¾ | 18⅞ | |
| 500 | Torstar B | $25¾ | 25¾ | 25¾ | |
| 11000 | TotalPetm l | $25⅜ | 25⅛ | 25⅜ | |
| 128200 | Transcan P | $17½ | 17⅛ | 17¼ | −⅛ |
| 78800 | Trilon A | u$12⅞ | 12 | 12¾ | +⅛ |
| 3000 | Trimac | $7½ | 7¼ | 7½ | +⅛ |
| 4700 | Trizec A | $18½ | 18¼ | 18⅜ | +⅜ |
| 3500 | Unicorp A | 45 | d40 | 45 | |
| 1200 | Union Carb | $18⅝ | 18⅛ | 18⅝ | |
| 92500 | Varity Cp | 282 | 275 | 275 | −2 |
| 6500 | Viceroy Rs | 400 | 400 | 400 | |
| 18800 | W'coast E | $20¼ | 20⅛ | 20⅛ | −¼ |
| 7300 | Weston Geo | $43½ | 43 | 43⅛ | −⅞ |
| 1300 | WIC B | $13¾ | 13⅜ | 13⅜ | |

l - No voting rights or restricted voting rights

### MONTREAL

*3:00 pm prices February 25*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 41100 | BombrdierB | $17¼ | 16⅞ | 16⅞ | −¼ |
| 13400 | Cambior | $9⅞ | 9⅝ | 9⅞ | +⅛ |
| 10600 | Cascades | 455 | 450 | 450 | −5 |
| 2700 | DomnTxt A | $7⅛ | 7 | 7⅛ | |
| 11700 | Macmillan x | $19⅛ | 19 | 19 | −¼ |
| 9100 | Memotec | $8⅞ | 8¾ | 8¾ | −¼ |
| 160700 | NatBk Can | u$9⅝ | 9⅛ | 9⅛ | −⅛ |
| 6900 | Provigo | $11½ | 11⅜ | 11½ | |
| 8200 | Quebecor A | $18¼ | 18¼ | 18⅛ | +⅛ |
| 4100 | Videotron x | $14 | 13½ | 13⅝ | |

Total Sales 8,310,400 shares

## INDICES

### NEW YORK

| DOW JONES | Feb. 22 | Feb. 21 | Feb 20 | Feb. 19 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ϕIndustrials | 2889.36 | 2891.83 | 2899.01 | 2932.18 | 2934.65 (15/2) | 2470.30 (9/1) | 2999.75 (16/7/90) | 41.22 (2/7/32) |
| Home Bonds | 94.21 | 94.39 | 94.45 | 94.79 | 94.86 (15/2) | 91.30 (16/1) | 95.51 (9/2/87) | 54.99 (1/10/81) |
| Transport | 1125.35 | 1116.89 | 1113.89 | 1118.83 | 1127.12 (11/2) | 894.30 (7/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 215.35 | 216.11 | 215.73 | 216.11 | 217.62 (11/2) | 199.64 (16/1) | 236.23 (2/1/90) | 10.50 (8/4/32) |

ϕDay's High 2945.79 (2927.72) Low 2860.40 (2871.29)

| STANDARD AND POOR'S | Feb. 22 | Feb. 21 | Feb 20 | Feb. 19 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 365.65 | 364.97 | 365.14 | 369.39 | 369.39 (19/2) | 311.49 (9/1) | 369.06 (15/2/91) | 4.40 (1/6/32) |
| Industrials | 432.57 | 431.51 | 432.01 | 436.58 | 436.58 (19/2) | 364.90 (9/1) | 437.37 (16/7/90) | 3.62 (21/6/32) |
| Financial | 27.95 | 27.84 | 27.70 | 28.28 | 28.80 (13/2) | 21.96 (9/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 199.65 | 199.27 | 199.26 | 201.40 | 201.40 (19/2) | 170.97 (9/1) | 201.29 (15/2/91) | 4.46 (25/4/42) |
| Amex Mkt. Value | 342.01 | 341.75 | 341.99 | 343.70 | 343.70 (19/2) | 296.72 (14/1) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 448.95 | 446.38 | 446.02 | 450.32 | 450.32 (19/2) | 355.75 (14/1) | 485.73 (9/10/89) | 54.87 (31/10/72) |

| | Feb.15 | Feb. 8 | Feb. 1 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.44 | 3.57 | 3.70 | 4.14 |
| | **Feb.20** | **Feb.13** | **Feb. 6** | **year ago (approx.)** |
| S & P Industrial div. yield | 2.19 | 2.91 | 3.01 | 3.15 |
| S & P Indl P/E ratio | 17.77 | 17.89 | 17.39 | 14.12 |

### NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Nabisco (RJ) | 9,270,300 | 7⅛ | + ⅛ |
| Citicorp | 5,087,800 | 15½ | + ⅛ |
| Philip Morris | 4,188,700 | 67¼ | + 1½ |
| Laidlaw B | 3,465,300 | 16⅞ | + ⅛ |
| Gen. Electric | 2,724,800 | 69¼ | + 1⅛ |
| Pepsico | 2,551,700 | 33½ | + ⅞ |
| Wal-Mart | 2,449,500 | 37¼ | + 1¼ |
| IBM | 2,384,100 | 133¼ | - 2¼ |
| Boeing | 2,365,100 | 47⅞ | + ⅛ |
| Square D | 2,247,200 | 76¾ | + 1⅛ |

### TRADING ACTIVITY

| † Volume (Millions) | Feb. 22 | Feb. 21 | Feb. 20 |
|---|---|---|---|
| New York | 218.760 | 180.770 | 185.680 |
| Amex | 15.885 | 14.553 | 12.878 |
| NASDAQ | 177.008 | 142.810 | 142.243 |
| Issues Traded | 2,018 | 2,033 | 2,038 |
| Rises | 818 | 846 | 504 |
| Falls | 714 | 691 | 1,091 |
| Unchanged | 486 | 496 | 443 |
| New Highs | 106 | 75 | 74 |
| New Lows | 1 | 5 | 3 |

### CANADA

| TORONTO | Feb. 22 | Feb. 21 | Feb. 20 | Feb. 19 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3108.65 | 3133.43 | 3143.92 | 3220.08 | 3224.35 (18/2) | 2632.06 (9/1) |
| Composite | 3453.28 | 3471.87 | 3493.54 | 3530.94 | 3532.54 (18/2) | 3161.95 (15/1) |
| MONTREAL Portfolio | 1828.56 | 1835.22 | 1855.23 | 1877.99 | 1882.70 (18/2) | 1686.89 (9/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Feb 25 | Feb. 22 | Feb. 21 | Feb 20 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1412.5 | 1387.3 | 1367.8 | 1372.2 | 1412.5 (25/2) | 1204.5 (16/1) |
| All Mining (1/1/80) | 612.0 | 601.4 | 593.5 | 595.6 | 612.0 (25/2) | 561.6 (16/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 505.54 | 497.55 | 490.37 | 495.40 | 505.54 (25/2) | 390.84 (15/1) |
| **BELGIUM** | | | | | | |
| Brussels SE (Cash Mkt) (1/1/80) | 5578.36 | 5512.45 | 5492.63 | 5534.78 | 5578.36 (25/2) | 4664.84 (16/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 349.71 | 345.28 | 344.40 | 345.08 | 349.71 (25/2) | 302.26 (8/1) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 393.5 | 387.5 | 383.9 | 384.9 | 393.5 (25/2) | 348.4 (9/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 463.00 | 456.37 | 453.47 | 448.29 | 463.00 (25/2) | 394.88 (15/1) |
| CAC 40 (31/12/87) | 1745.17 | 1716.88 | 1709.72 | 1693.07 | 1745.17 (25/2) | 1425.26 (15/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 678.31 | 666.61 | 663.73 | 663.00 | 678.31 (25/2) | 570.48 (15/1) |
| Commerzbank (1/12/53) | 1935.1 | 1901.0 | 1892.1 | 1888.8 | 1935.1 (25/2) | 1612.5 (15/1) |
| DAX (30/12/87) | 1601.15 | 1582.52 | 1566.32 | 1567.32 | 1601.15 (25/2) | 1311.82 (16/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 3520.45 | 3475.34 | 3477.61 | 3492.16 | 3520.45 (25/2) | 2984.01 (16/1) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1365.55 | 1333.42 | 1318.41 | 1302.99 | 1365.55 (25/2) | 1114.86 (25/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 582.09 | 572.66 | 564.26 | 561.03 | 582.09 (25/2) | 486.26 (29/1) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 26462.76 | 25902.81 | 26024.37 | 26198.79 | 26462.76 (25/2) | 22442.70 (16/1) |
| Tokyo SE (Topix) (4/1/68) | 1963.44 | 1922.88 | 1934.52 | 1947.43 | 1963.44 (25/2) | 1625.00 (17/1) |
| 2nd Section (4/1/68) | 2954.36 | 2942.84 | 2948.29 | 2957.31 | 2999.20 (19/2) | 2473.52 (24/1) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 556.62 | 554.68 | 554.42 | 562.26 | 562.26 (20/2) | 470.41 (16/1) |
| **NETHERLANDS** | | | | | | |
| CBS Ttl.Rtn.Gen.(End 1983) | 248.2 | 243.9 | 243.1 | 243.6 | 248.2 (25/2) | 221.4 (16/1) |
| CBS All Shr (End 1983) | 181.5 | 178.4 | 177.8 | 178.1 | 181.5 (25/2) | 162.3 (16/1) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 679.28 | 676.14 | 671.97 | 669.52 | 680.58 (14/2) | 610.45 (21/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1006.04 | 956.02 | 931.22 | 914.17 | 1006.04 (25/2) | 582.64 (18/1) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 381.38 | 380.73 | 377.14 | 380.76 | 381.38 (25/2) | 315.07 (16/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 971.04 | 975.0 | 1010.0 | 1024.0 | 1367.0 (14/1) | 971.0 (25/2) |
| JSE Industrial (28/9/78) | 3211.04 | 3194.0 | 3219.0 | 3258.0 | 3258.0 (20/2) | 2829.0 (16/1) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 692.80 | 676.10 | 672.10 | 669.91 | 697.62 (4/1) | 614.60 (16/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 267.41 | 260.24 | 256.67 | 255.13 | 267.41 (25/2) | 213.70 (14/1) |
| **SWEDEN** | | | | | | |
| Affärsvärlden Gen. (1/2/37) | 1048.0 | 1026.2 | 1014.3 | 1013.9 | 1048.0 (25/2) | 808.4 (8/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 701.9 | 687.2 | 682.0 | 676.6 | 701.9 (25/2) | 590.4 (14/1) |
| SBC General (1/4/87) | 592.3 | 582.7 | 577.7 | 572.7 | 592.3 (25/2) | 497.1 (14/1) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 5012.46 | 4873.67 | 5181.98 | 4950.68 | 5181.98 (21/2) | 3316.26 (16/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 734.24 | 791.64 | 776.56 | 817.24 | 823.65 (19/2) | 582.48 (16/1) |
| **WORLD** | | | | | | |
| M.S. Capital Intl.(1/1/70) ($) | 521.2* | 518.2 | 517.3 | 517.9 | 524.2 (18/2) | 439.1 (16/1) |

**Saturday February 23: Taiwan Weighted Price: 685.39. Korea Comp Ex. 4946.52.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

### TOKYO - Most Active Stocks

Monday 25 February 1991

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Tokyo | 32.7m | 1,400 | +40 |
| M'bishi Shpbldg | 18.5m | 659 | +38 |
| Hitachi | 15.0m | 1,310 | +60 |
| Tokyo Gas | 14.6m | 707 | +34 |
| M'bishi Heavy | 13.7m | 699 | +17 |
| Pnta-Ocn Cnstrn | 12.1m | 1,250 | +20 |
| S'tomo Heavy | 11.3m | 797 | +81 |
| Nippon Steel | 11.1m | 512 | +12 |
| Nippon Oil | 10.3m | 1,170 | +120 |
| Toshiba | 9.1m | 894 | +67 |

3:15 pm prices February 25

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 12¾ | 9¼ | AAR Corp | | | 7 | 415 | 12¾ | 12½ | 12⅝ | +⅛ |
| 25¾ | 21⅝ | A L Labs A | | | 18 | 596 | 22⅞ | 22¾ | 22¾ | -⅛ |
| 52⅛ | 40⅞ | AMP Inc | 1.44 | 0.03 | 18 | 945 | 49¼ | 48⅛ | 48⅞ | +¼ |
| 60½ | 44¼ | AMR | | | | 936301 | u60⅞ | 59 | 60¼ | +1½ |
| 2⅛ | 1¼ | ARX | | | 2 | 434 | 1⅝ | 1½ | 1⅝ | +⅛ |
| 48¾ | 41½ | ASA x | 3.00 | 0.07 | 12 | 280 | 42⅞ | 42⅛ | 42½ | +¼ |
| 47⅞ | 33¼ | Abbott Lab | | | 21 | 4015 | 47⅝ | 46⅛ | 47⅝ | +½ |
| 13 | 9⅞ | Abitibi Pr | 0.50 | 0.04 | 18 | 36 | 12⅝ | 12½ | 12½ | -¼ |
| 11⅛ | 10⅞ | ACM Gvt In | | | | 398 | 11 | 10⅞ | 11 | +⅛ |
| 9⅞ | 8⅝ | ACM GvOpp | | | | 58 | 9⅛ | 9⅛ | 9⅛ | -⅛ |
| 9 | 8⅛ | ACM Sc Sp r | 0.34 | 0.04 | | 309 | u9 | 8⅞ | 8⅞ | -⅛ |
| 10¾ | 9⅞ | ACM Sc Sp r | | | | 243 | 10½ | 10⅜ | 10½ | +⅛ |
| 8⅛ | 7⅛ | ACM Man | | | | 461 | u8⅛ | 8 | 8⅛ | |
| 12⅞ | 11⅞ | ACM Mangd | | | | 161 | 12⅞ | 12⅝ | 12⅝ | +⅛ |
| 7⅛ | 4¾ | Acme Cleve | 0.40 | 0.06 | 19 | 99 | 6¾ | 6⅝ | 6¾ | |
| 6 | 4¾ | Acme Elect | | | 17 | 12 | 5¾ | 5⅜ | 5⅜ | +⅛ |
| 35⅞ | 22⅜ | Acuson | | | | 251208 | 34⅛ | 33 | 33½ | -⅛ |
| 16⅞ | 14¼ | Adams Exp r | 0.48 | 0.03 | 0 | 189 | u16⅞ | 16½ | 16⅝ | |
| 20 | 18⅞ | Adobe12Pf | | | | 10 | 19⅜ | 19¼ | 19⅜ | |
| 9¼ | 7½ | Adobe Res | | | 13 | 17 | 8⅜ | 8⅜ | 8⅜ | |
| 26½ | 15 | Ad Micro x | | | | 10 | 24⅞ | 24⅛ | 24⅞ | -1⅛ |
| 8⅛ | 4⅞ | Ad Micro P | 3.00 | 0.40 | 144802 | | 7⅞ | 7⅛ | 7½ | -⅛ |
| 4⅞ | 2¼ | Advest Grp | | | 2 | 21 | 3½ | 3½ | 3½ | +⅛ |
| 43⅞ | 33⅞ | Aetna Lf | 2.76 | 0.06 | 7 | 902 | 45⅞ | 45½ | 45⅝ | +½ |
| 9½ | 6⅝ | Ahl A | 0.24 | 0.02 | 27 | 1546 | u9⅜ | 9¼ | 9⅜ | +½ |
| 17½ | 12 | Ahmanson | 0.88 | 0.05 | | 81934 | 18⅞ | 18 | 18⅛ | |
| 3⅞ | 2⅞ | Aileen Inc | | | 7 | 102 | 3⅝ | 3½ | 3½ | -⅛ |
| 61½ | 51⅞ | Air Pr Chm | | | 14 | 1443 | u62⅞ | 60⅞ | 62⅞ | +3 |
| 25 | 16⅝ | Airborne Frt x | 0.30 | 0.01 | 13 | 783 | 23⅝ | 23 | 23½ | +⅝ |
| 16⅞ | 12½ | Airgas Inc | | | 18 | 35 | 15⅞ | 15⅛ | 15⅞ | |
| 14½ | 10 | Airlease | 2.49 | 0.19 | 6 | 38 | 13⅛ | 12⅞ | 12⅞ | -⅛ |

# NYSE COMPOSITE PRICES

Continued from previous page

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 10⅝ | 11⅛ | Quantum Ch | | | | 22 1811 | 18⅝ | 17½ | 17¾ | −⅛ |
| 14¾ | 10½ | Quantval D | | | | 795 | 14 | 13⅞ | 13⅞ | |
| 13⅞ | 12⅞ | Quantval P | | | | 382 | u13½ | 13¼ | 13⅜ | |
| 37⅞ | 33¼ | Questar | 1.00 | 0.05 | 12 | 139 | 37½ | 36¾ | 37¼ | +¼ |
| 17⅞ | 10 | Quick Rly | 0.26 | 0.02 | 14 | 172 | 17⅝ | 17 | 17⅛ | −⅛ |

- R - R -

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 11½ | 10⅝ | RAC Incm | 0.42 | 0.04 | | 90 | 11¼ | 11⅛ | 11¼ | +⅛ |
| 6⅞ | 4⅞ | RAC Mortg | 0.60 | 0.09 | 7 | 413 | u7 | 6⅝ | 6⅞ | |
| 8 | 4½ | RJR Nab Wt | | | | 7607 | u8⅛ | 8 | 8⅛ | +⅛ |
| 15½ | 11⅞ | RLI Corp | 0.44 | 0.03 | 7 | 32 | 13¼ | 13⅛ | 13¼ | +⅛ |
| 6⅞ | 4 | RMI Titanm | | | 2 | 356 | 6⅛ | 5½ | 5½ | −½ |
| 10¼ | 6⅞ | ROCTaiwan | | | | 1206 | 10¼ | 9⅝ | 9¾ | +⅛ |
| 6 | 4¼ | RPS Realty | | | 5 | 78 | u6 | 5⅞ | 6 | |
| 63½ | 48⅞ | Racal ADR | | | 20 | 428 | u65 | 63¼ | 64 | +1¼ |
| 104½ | 85⅞ | Ralston Pu | 2.15 | 0.02 | 15 | 1718 | 103½ | 102 | 103½ | +2⅛ |
| 28⅛ | 21¼ | Raychem Co | 0.32 | 0.01 | 71 | 016 | 25⅛ | 25 | 25 | −⅛ |
| 22⅞ | 16¼ | RayJames F | 0.32 | 0.01 | 7 | 158 | u24⅛ | 23 | 23⅞ | +1⅛ |
| 78½ | 66⅞ | Raytheon | | | | 83513 | 74⅞ | 73½ | 74⅞ | −⅛ |
| 33¼ | 28⅛ | ReadersD A | 0.54 | 0.02 | 22 | 632 | u34⅛ | 33⅞ | 34 | +⅛ |
| 2⅛ | 1½ | Reading&B | | | 0 | 15 | 1⅞ | d1½ | 1⅞ | |
| 16 | 12⅞ | RealEstTr | 1.42 | 0.09 | 13 | 57 | 15⅞ | 15 | 15⅝ | +⅛ |
| 6⅛ | 4⅞ | RecognitEq | | | 2 | 711 | 5⅞ | 5⅛ | 5⅞ | |
| 20¼ | 10¾ | Reebok Intl | 0.30 | 0.01 | 13 | 6521 | 20⅛ | 19⅞ | 20⅛ | +⅛ |
| 0.24 | ⅞ | Regal Intl | | | 10 | 112 | u0.24 | 0.21 | 0.21 | −⅛ |
| 12⅞ | 8⅛ | Reich&Tang | | | 7 | 51 | 12⅜ | 12⅛ | 12⅜ | |
| 7½ | 4½ | Reliance | 0.32 | 0.05 | 17 | 13 | 6⅝ | 6⅝ | 6⅝ | |

[illegible]

- S - S -

[illegible]

- T - T -

[illegible]

- U - U -

[illegible]

- V - V -

[illegible]

- W - W -

[illegible]

- X - Y - Z -

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |
| 1 | ⅞ | Zapata | | | 0 | 534 | u1 | 1 | 1 | |
| 7¾ | 6⅛ | ZenithElec | | | 6 | 283 | 7¼ | 7⅛ | 7⅛ | +⅛ |
| 16 | 12 | Zenith Nat | 1.00 | 0.06 | 53 | 75 | 15⅞ | 15⅝ | 15⅝ | −⅛ |
| 5⅛ | 4½ | Zenix Inc | 0.26 | 0.06 | | 37 | 6 | 5 | 5 | |
| 13⅜ | 10⅞ | Zero Corp | 0.72 | 0.06 | 13 | 264 | 12⅞ | 12¼ | 12⅛ | −⅛ |
| 41⅞ | 29½ | Zurn Ind | 0.88 | 0.02 | 16 | 426 | 38¼ | 37⅞ | 38⅛ | +⅞ |
| 12⅞ | 10¼ | Zweig Fund | | | | 264 | u12⅞ | 12⅝ | 12¼ | |
| 9¼ | 8½ | Zweig Totl | | | | 473 | u9¾ | 9½ | 9⅝ | |

*Price data supplied by Telekurs.*

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

*a-dividend also xtra(s). b-annual rate of dividend plus stock* dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

*3:00 pm prices February 25*

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| Pet H&P | | 8 | 13 | u9⅛ | 8¼ | 8⅞ | −⅛ |
| Phil LD | | 5 | 25 | 13⅝ | 13⅝ | 13⅝ | +⅛ |
| Pitney A | | 10 | 24 | u23⅞ | 23⅛ | 23⅝ | +½ |
| [illegible] Gem | 0.12 | 11 | 77 | 7⅛ | 7 | 7 | −⅛ |
| PresidioA | | 3 | 12 | 4⅞ | 4⅞ | 4⅞ | |
| Price Com | | 0 | 4 | ⅝ | ⅝ | ⅝ | |
| Pro Med | | 11 | 13 | 5⅞ | 5¼ | 5¼ | −⅛ |
| [illegible] | | | | | | | |

# NASDAQ NATIONAL MARKET

*3:00 pm prices February 25*

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

- X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 38 | 2810 | 18¼ | 17¾ | 18 | −⅛ |
| XL Data | | 9 | 570 | 7 | 6¾ | 6⅞ | −⅛ |
| Xoma Corp | | 18 | 8846 | u31½ | 29¾ | 29¾ | |
| YankeeEnS | | 15 | 278 | 20¼ | 19¾ | 20 | −⅛ |
| Yellow Fr | 0.94 | 13 | 2629 | 30¾ | 30⅛ | 30⅞ | −⅛ |
| York Rsch | | 19 | 2368 | u18⅞ | 17¼ | 18⅛ | +⅝ |
| Zions[illegible] | 0.60 | 6 | 3 | 35 | 35 | 35 | |

AMERICA

# Strong start prompts profit-taking

## Wall Street

THE SURGE in share prices that greeted the first successes of the ground war petered out quickly yesterday morning, as investors took the opportunity to realise profits, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was 2.96 higher at 2,892.32. The Standard & Poor's 500 staged a similar turnround, dropping back to stand down 0.01 at 365.54 by 1 pm. The Nasdaq composite of over-the-counter stocks, however, managed to cling on to its gains, and was up 0.79 at 449.74. Big Board turnover was a heavy 126m shares by 1 pm.

After a minute of prayer for US troops in the Gulf, trading got off to a hectic start as dealers took their cue from the performance of European equities and marked prices higher.

For a moment, a repeat of January 17, when the start of the air war pushed the Dow up 100 points, looked possible. But the market's heart was not in it, and within minutes the 40-point gain on the Dow began to disappear as profit-takers moved in.

Analysts said that a success for the US-led coalition in the Gulf had been discounted by investors. A drop in the stock-index futures market also contributed to the reversal in prices.

Among the few stocks to resist the sell-off were several drug companies. Schering-Plough rose $¾ to $47⅞ on turnover of over 1m shares after the Food and Drug Administration (FDA) approved one of the company's drugs, Intron A, used in the treatment of a form of hepatitis. Biogen, which helps Schering-Plough market the drug, also rose on the news, adding $⅝ to $35⅞.

Warner-Lambert climbed $1¼ to $78⅞ in the wake of a strong buy recommendation from Smith Barney, the broking house, whose analyst expects the company to receive FDA approval for a number of its drugs soon. At one stage Warner-Lambert shares touched $80, a year high.

Synergen fell $¾ to $33 after the biological products company filed for an issue of 2.25m shares. The proceeds from the offering, which will take the number of shares in issue up to just under 13m, will go towards the construction of a commercial-scale manufacturing facility and proprietary product development.

MCI Communications, the largest over-the-counter stock, rose $⅛ to $26⅞ after Nasdaq, the operator of the electronic market for secondary issues such as MCI, awarded the group a $10m contract to design, construct and manage a new nationwide data network.

Citicorp fell $¼ to $15¼ in busy trading as more details were revealed of last week's private placement of $590m in convertible stock. The terms of the sale were regarded as generous by analysts, and some fear it will increase the cost of future equity issues planned by the banking group. The news that the Saudi prince who bought the convertibles has pledged to sell his existing 4.9 per cent stake in common stock also depressed the price.

Syntex jumped $3⅛ to $75⅛ after the pharmaceuticals and agricultural products company unveiled a 40 per cent rise in second quarter profits.

## Canada

PROFIT-TAKING erased early gains in Toronto by midsession as investors discounted the allied success in the Gulf war and cashed in after this month's large gains. The composite index fell 8.2 to 3,445.1 by midday after hitting a peak at 3,469.21.

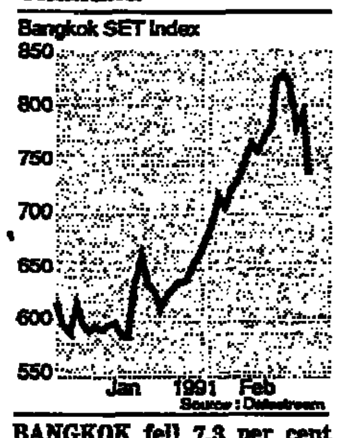
Analysts said the market was due for a correction after climbing more than 230 points in February.

Declines led advances by 206 to 183 on light volume of 10.16m shares.

The presentation of the new federal budget today is not expected to have much impact on stocks.

Among the most active stocks, Laidlaw was flat at C$19⅛, Royal Trustco firmed C$⅛ to C$8⅞ and BCE fell C$¼ to C$42⅛. PWA slipped C$⅛ to C$8½. The airline reported results late on Friday.

## Thailand




BANGKOK fell 7.3 per cent yesterday after Saturday's coup. The SET index lost 57.40 to 734.24 on turnover of 3.8bn baht, writes Jacqueline Moore.

Local investors were worried that foreigners would be heavy sellers, but there had been no signs of overseas panic, said Mr Christopher Guinness of brokers Asia Equity. UK and Hong Kong investors seemed more interested in looking for buying opportunities, he added.

He said he was advising selective selling of hotels and companies associated with the previous regime, but he expected the market, which had been due for a correction, to stabilise at present levels.

ASIA PACIFIC

# Arbitrage-related index buying lifts Nikkei 2%

## Tokyo

THE INITIAL response to the allied forces' ground offensive in the Gulf was mixed, but an afternoon surge in the futures market on rumours that they were overwhelming the Iraqi troops sent share prices higher, *writes Emiko Terazono in Tokyo.*

The Nikkei average climbed 559.95 or 2.1 per cent to 26,462.76. Volume increased to 680m shares from Friday's 650m; traders noted activity by domestic institutions and investment trusts.

The Nikkei fell to a low of 25,582.11 in the morning, but rose later on heavy arbitrage-related index buying. The index hit the day's high of 26,466.77 just before the close.

Gains led losses by 782 to 248, with 110 issues unchanged. The Topix index of all first section stocks advanced 40.56 to 1,963.44, and in London trading the ISE/Nikkei 50 index put on 11.24 to 1,522.74.

Mr Masami Okuma at UBS Phillips & Drew said the anticipation of an early settlement of the war had made sentiment more positive. However, some traders considered that the strength was not related to news of the land battle. Miss Benedicte Ivey at Credit Lyonnais Securities said: "Nobody is talking about the war."

Other financial markets failed to respond to the news. Trading in the bond and currency areas remained thin.

Stocks sensitive to crude oil prices were the best performers, with the oil sector gaining 7.1 per cent. Nippon Oil moved up Y120 to Y1,170 and Mitsubishi Oil Y130 to Y1,200.

Tokyu, the most active issue, rose Y40 to Y1,800. Other stocks in the Tokyu group also continued to attract buying orders, with Tokyu Land advancing Y32 to Y880 and Tokyu Car Y90 to Y1,670. Traders said political funds were involved in the upturn.

Exporters were helped by the weaker yen. Hitachi appreciated Y60 to Y1,310, Toshiba Y67 to Y884 and Canon Y90 to Y1,500. Japan Airlines moved ahead Y60 to Y1,310 on falling jet fuel prices.

In the second section, Japan Airport Terminal strengthened Y300 to Y2,670. Traders said the issue was popular among UK pension funds and investment trusts.

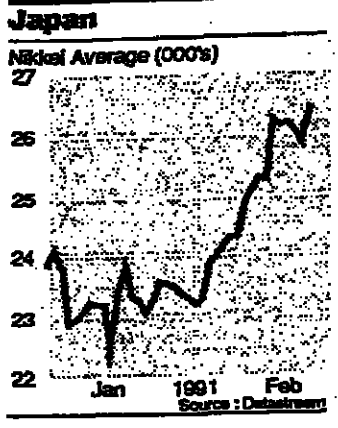
Family Mart, the convenience store chain, added Y390 at Y8,970. January superstore sales indicated a year-on-year rise of 6.3 per cent.

Takuma, the boiler maker, gained Y190 to Y1,940, thanks to prospects for its waste management plant equipment. The issue was the eighth most traded stock last week.

In Osaka, the OSE average ended 146.77 ahead at 28,690.58 after volume of 111.1m shares, up from 58.4m.

*Lobster Tool*, a monkey wrench maker, retreated Y60 to Y1,000. The issue had previously risen sharply on speculative buying, but fell on news that a major shareholder had filed for bankruptcy.

## Japan




## Roundup

HOPES OF a short Gulf war, following the start of the land battle, encouraged most Pacific Rim markets yesterday.

AUSTRALIA set a five-month high, with the All Ordinaries index rising 25.2 or 1.8 per cent to 1,412.5. A shortage of scrip, particularly in secondary issues, exaggerated some price increases in light volumes. Overall turnover was A$210m, down from A$352m.

Comalco, the aluminium company, gained 20 cents to A$4.20 in spite of reporting a fall in operating profits and a dividend cut.

NEW ZEALAND jumped 3.1 per cent. The Barclays index, which lost 3.2 per cent last week, rebounded 41.09 to 1,372.21 in turnover of NZ$[illegible]m, up from NZ$16m.

HONG KONG ended sharply higher on bargain hunting, after dropping nearly 30 points in early trading. The Hang Seng index gained a net 45.11 to 3,520.45, but turnover dipped to HK$1.2bn from HK$[illegible]bn. The market is poised to test the post-1987 high of 3,560 in coming days, analysts said.

Thai-related stocks suffered following the coup at the weekend. Hopewell Holdings, which has a big contract to construct a light-rail system in Bangkok, declined 20 cents to HK$[illegible].

MANILA reached a 10-month high following a prime rate cut. The composite index leapt 50.02 or 5.2 per cent to 1,006.04, its highest since April last year. Turnover expanded to 227.6m pesos from 207.3m.

SEOUL rose for the fifth consecutive session. The composite index gained 7.41 to [illegible] in volume of Won483.6bn, the highest this year. The index climbed more than 15 points just after the opening, breaking through 700 for the first time this year, but was unable to sustain that level when selling of construction and trading shares emerged.

TAIWAN recouped minor losses and then moved higher. The weighted index gained 65.94 or 1.3 per cent to 5,012.46 in strong turnover of T$67.9bn, against T$53.9bn.

SINGAPORE closed mixed after cautious trading. The Straits Times Industrial index improved from a midday level of 1,408.10 to end 6.81 ahead at 1,417.26. Turnover fell to S$203.5m from S$250.6m. KUALA LUMPUR's composite index put on 1.94 to 556.63. Turnover decreased to 99.5m shares from 117.3m.

Brokers boycotted BOMBAY after the exchange fined and suspended six brokers for evading margin deposits.

## SOUTH AFRICA

JOHANNESBURG closed firm, but a volatile financial rand made traders cautious. The all-share index put on 8 to 2,759. The industrial index added 13 to 3,211 while the all-gold index lost 4 to 971 as bullion prices stayed below $360.

EUROPE

# Bourses rise on hopes of a speedy end to war

HOPES OF a swift resolution to the Gulf war lifted bourses yesterday. A trading error provided additional interest in Brussels, while most of the corporate news was in Stockholm, *writes Our Markets Staff.*

*BRUSSELS* started firmer but was then disturbed by careless handling by a leading broker of a sell order in Société Générale de Belgique.

La Générale was trading at BFr2,350 when a sell order of 15,000 shares at BFr2,000 was introduced into the computerised trading system as 150,000 shares. The price slumped 2.8 per cent to BFr2,285 as traders rushed to buy; 50,000 shares were bought before the error was noticed. The stock exchange later cancelled all transactions from 10.55 GMT.

The cash market index rose 65.91 or 1.2 per cent to 5,578.36. Petrofina gained BFr250 or 2.2 per cent to BFr11,200.

STOCKHOLM hit a year's high following positive results from Astra, the pharmaceutical company, and news that the Wallenberg family was offering SKr300 each for all outstanding shares in Saab-Scania. The Affärsvärlden General index rose 21.8 or 2.1 per cent to 1,048.0, the highest level since mid-September, in volume of SKr481m, up from SKr436m.

Trading in Saab-Scania and Investor and Providentia, the Wallenberg holding companies, was suspended. Saab free Bs closed at SKr215 on Friday.

Astra free B shares rose SKr20 to SKr530 after the company reported a rise in 1990 pre-tax profit at the top end of expectations and proposed a one-for-three scrip issue.

PARIS overcame computer difficulties and a bomb scare to end 1.7 per cent higher. The CAC 40 index rose 28.29 to 1,745.17 – its best level since August 10 – in active trading worth FFr2.8bn by the official close, up from FFr2.3bn.

Sectors expected to benefit from a speedy end to the Gulf war were firm, including construction and leisure.

Club Mediterranée hit FFr508 before ending FFr13 up at FFr485 in good volume. The market took in its stride the company's forecast of how much the war has cost it, focusing on the possibility that its airline subsidiaries could win new routes in a reallocation this week.

SCOA, the trading group, gained FFr2.30 or 14.2 per cent to FFr18.45 in active trade.

ZURICH hit a year's high in active business. The Crédit Suisse index rose 9.4 or 1.8 per cent to 537.3 in turnover estimated at between SFr700m and SFr800m, up from SFr535m.

Hopes of a short war boosted Brown Boveri, the most active stock, by SFr210 or 4.8 per cent to SFr4,590, Swissair bearers by SFr65 or 8.5 per cent to SFr830, and bearers in Kuoni, the travel agency, by SFr1,500 or 6.7 per cent to SFr24,000.

FRANKFURT slipped from its day's high as follow-through buy orders failed to emerge. The FAZ index, calculated at midsession, rose 11.7 or 1.8 per cent to 678.31, while the real-time DAX index gained 18.63 or 1.2 per cent to 1,601.15, its best close since September 3. Turnover was DM6.9bn, up from DM6.3bn.

Mannesmann, the diversified steel group, rose to DM299 before closing DM6 firmer at DM293.50 in spite of unimpressive 1990 results.

MILAN ended broadly higher in an extended session. Cement and insurance stocks featured, with foreign buying detected. The Comit index rose 9.43 to 582.09, its highest close this year, in turnover estimated at just below Friday's L218bn.

In the insurance sector, Ras rose L1,050 to L20,250 and Toro put on L130 to L22,580 in a delayed reaction to last week's announcement of a life insurance venture with Generali and Banca Commerciale.

MADRID's general index gained 7.97 or 2.8 per cent to 267.41 on domestic and foreign buying. Constructions were strong, with Asland up Pta170 or 5.4 per cent at Pta3,315.

AMSTERDAM came off its highs following a turnround on Wall Street. The CBS Tendency index closed up 1.7 at 89.4 after touching 89.8. Volume was said to be disappointing.

OSLO's all-share index added 6.83 to 471.87, with shipping stocks leading gains.

**FT-SE Eurotrack 100 - Feb 25**

Hourly changes

| Open | 10 am | 11 am | Noon | 1 pm | 2 pm | 3 pm | Close |
|---|---|---|---|---|---|---|---|
| 1071.53 | 1071.15 | 1071.85 | 1071.84 | 1072.59 | 1072.59 | 1073.03 | 1071.93 |

Day's High 1075.05 Day's Low 1067.09

| Feb 22 | Feb 21 | Feb 20 | Feb 19 | Feb 18 |
|---|---|---|---|---|
| 1053.96 | 1047.96 | 1038.67 | 1049.57 | 1047.02 |

Base value 1000 (26/10/90)

# Singapore on top as cash flows in

By Antonia Sharpe

WORLD stock markets rose for the sixth successive week in increased volume, and proved surprisingly resilient to profit-taking after the recent gains. The FT-Actuaries World Index added 0.7 per cent in local currency terms, bringing its rise this year to 10.7 per cent.

Excluding the US, the World Index put on 1.5 per cent. Wall Street fell 0.8 per cent in a shortened trading week, unsettled by the failure of the Soviet peace plan and Iraq's bellicose response to US demands that it withdraw from Kuwait.

Singapore was last week's best performer, climbing 4.6 per cent in local currency terms. So far this year it has outpaced other markets in the FT-A indices, with a gain of 18.9 per cent. Brokers attributed the recent rise to an improvement in liquidity as domestic and foreign investors have bought widely. Singapore Airlines, the largest component of the Straits Times Industrial index, was strong as investors looked beyond the Gulf war to an expected earnings recovery in 1992.

Signs that interest rates were coming down in Singapore, while they might rise in neighbouring Malaysia, also propelled the market higher. The strength in Singapore helped Kuala Lumpur advance 4.4 per cent in local terms, although the latter lags behind this year with a rise of only 8.5 per cent.

Mr James Hay at Kim Eng Securities says investors have been switching out of Malaysian equities into Singaporean blue chips since the turn of the year, as the Malaysian economy showed signs of overheating. Also, with the two markets often treated as one, many fund managers – some with up to 70 per cent in Malaysian shares – have needed to redress the balance.

Hoare Govett notes that the average daily turnover of S$276.4m (US$161m) was up 83 per cent from the previous week, reflecting growing optimism in the market which, it forecasts, will see earnings grow 10 per cent this year, excluding Singapore Airlines.

**MARKETS IN PERSPECTIVE**

| | % change in local currency † | | | | % change sterling † | % change in US $ † |
|---|---|---|---|---|---|---|
| | 1 Week | 4 Weeks | 1 Year | Start of 1991 | Start of 1991 | Start of 1991 |
| Austria | +3.99 | +22.12 | −25.95 | +11.32 | +10.88 | +11.69 |
| Belgium | +3.21 | +15.03 | −2.45 | +12.84 | +12.76 | +13.58 |
| Denmark | +3.67 | +13.90 | −4.07 | +15.36 | +14.92 | +15.77 |
| Finland | +2.30 | +20.97 | −29.15 | +10.86 | +10.37 | +11.17 |
| France | +3.09 | +11.23 | −8.75 | +12.48 | +11.01 | +11.82 |
| Germany | +4.49 | +13.39 | −13.45 | +11.11 | +9.66 | +10.46 |
| Ireland | +3.97 | +21.39 | −21.65 | +12.49 | +11.78 | +12.59 |
| Italy | +3.48 | +18.31 | −16.54 | +11.44 | +10.72 | +11.54 |
| Netherlands | +0.49 | +7.08 | −5.69 | +6.38 | +5.01 | +5.78 |
| Norway | +0.15 | +11.89 | −19.49 | +2.44 | +2.22 | +2.96 |
| Spain | +2.91 | +15.06 | −5.03 | +18.16 | +17.52 | +18.38 |
| Sweden | +4.54 | +11.79 | −5.82 | +17.26 | +17.39 | +18.24 |
| Switzerland | +0.76 | +11.58 | −10.47 | +12.42 | +10.35 | +11.15 |
| UK | +0.92 | +10.94 | +0.70 | +8.29 | +8.29 | +9.08 |
| EUROPE | +2.14 | +12.05 | −6.07 | +10.22 | +9.62 | +10.41 |
| Australia | +0.92 | +7.13 | −11.05 | +9.32 | +10.44 | +11.26 |
| Hong Kong | +1.58 | +9.51 | +17.79 | +15.95 | +15.25 | +16.08 |
| Japan | +1.12 | +9.95 | −25.84 | +11.13 | +13.17 | +13.98 |
| Malaysia | +4.39 | +15.17 | −4.47 | +8.47 | +7.74 | +8.53 |
| New Zealand | −5.26 | +9.40 | −27.95 | +7.12 | +8.10 | +8.87 |
| Singapore | +4.58 | +14.33 | −9.25 | +18.90 | +19.52 | +20.39 |
| Canada | −1.28 | +6.69 | −4.61 | +4.90 | +4.91 | +5.67 |
| USA | −0.80 | +8.94 | +12.29 | +11.14 | +10.33 | +11.14 |
| Mexico | −0.66 | +8.16 | +74.11 | +2.92 | +1.35 | +2.09 |
| South Africa | +0.46 | +7.51 | −15.71 | +0.45 | +6.16 | +6.93 |
| WORLD INDEX | +0.66 | +10.04 | −8.15 | +10.72 | +10.96 | +11.76 |

† Based on February 22nd 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd

**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | FRIDAY FEBRUARY 22 1991 | | | | | | | | THURSDAY FEBRUARY 21 1991 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1990/91 High | 1990/91 Low | Year ago (approx) |
| Australia (75) | 131.34 | +1.0 | 100.16 | 109.79 | 102.70 | 111.29 | +1.5 | 6.17 | 129.96 | 98.45 | 107.92 | 100.72 | 109.66 | 158.31 | 112.74 | 141.72 |
| Austria (19) | 219.63 | +0.9 | 167.50 | 183.61 | 171.73 | 170.28 | +0.8 | 1.60 | 217.66 | 164.85 | 180.72 | 168.67 | 169.01 | 285.63 | 167.00 | 266.08 |
| Belgium (60) | 150.17 | +0.5 | 114.53 | 125.53 | 117.42 | 113.88 | +0.5 | 5.17 | 149.48 | 113.22 | 124.10 | 115.83 | 113.36 | 160.02 | 121.73 | 135.48 |
| Canada (116) | 137.40 | −0.7 | 104.79 | 114.86 | 107.43 | 114.62 | −0.7 | 3.50 | 138.34 | 104.78 | 114.86 | 107.19 | 115.40 | 153.61 | 121.24 | 137.87 |
| Denmark (32) | 269.31 | −0.2 | 205.38 | 225.14 | 210.58 | 210.88 | +0.4 | 1.64 | 269.84 | 204.38 | 224.05 | 209.10 | 210.02 | 277.62 | 217.74 | 249.22 |
| Finland (21) | 114.66 | −0.2 | 87.45 | 95.86 | 89.66 | 86.98 | −0.2 | 3.23 | 114.95 | 87.06 | 95.44 | 89.07 | 87.20 | 152.29 | 90.61 | 149.49 |
| France (113) | 147.32 | −0.4 | 112.35 | 123.15 | 115.18 | 118.26 | +0.6 | 3.49 | 147.84 | 111.97 | 122.74 | 114.55 | 117.58 | 168.85 | 121.85 | 142.96 |
| Germany (88) | 123.60 | −0.4 | 94.26 | 103.34 | 96.64 | 96.64 | +0.5 | 2.35 | 124.12 | 94.01 | 103.07 | 96.18 | 96.18 | 144.63 | 101.38 | 125.86 |
| Hong Kong (48) | 141.40 | −0.2 | 107.84 | 118.20 | 110.57 | 141.43 | −0.2 | 4.74 | 141.65 | 107.28 | 117.61 | 109.77 | 141.69 | 147.49 | 112.24 | 118.27 |
| Ireland (16) | 167.15 | +0.2 | 127.48 | 139.74 | 130.70 | 132.39 | +0.7 | 3.45 | 166.61 | 126.34 | 138.50 | 129.26 | 131.53 | 198.57 | 132.88 | 189.31 |
| Italy (91) | 87.35 | +0.7 | 66.61 | 73.01 | 68.29 | 73.52 | +1.6 | 3.44 | 86.73 | 65.69 | 72.00 | 67.20 | 72.35 | 109.26 | 72.05 | 94.90 |
| Japan (453) | 142.21 | −1.3 | 108.46 | 118.89 | 111.21 | 118.89 | −0.6 | 0.72 | 144.12 | 109.15 | 119.66 | 111.69 | 119.66 | 197.26 | 106.58 | 166.24 |
| Malaysia (34) | 230.23 | +0.0 | 175.58 | 192.45 | 180.01 | 239.36 | +0.1 | 3.15 | 230.14 | 174.31 | 191.08 | 178.34 | 239.19 | 250.69 | 182.96 | 238.46 |
| Mexico (12) | 596.66 | −0.6 | 455.04 | 498.79 | 466.55 | 1942.07 | −0.3 | 0.35 | 599.98 | 454.42 | 498.15 | 464.93 | 1947.29 | 613.96 | 324.53 | 381.42 |
| Netherland (41) | 141.71 | −0.5 | 108.08 | 118.47 | 110.81 | 109.70 | +0.3 | 4.93 | 142.49 | 107.92 | 118.31 | 110.42 | 109.33 | 149.03 | 125.70 | 132.77 |
| New Zealand (15) | 47.26 | −0.2 | 36.04 | 39.51 | 36.95 | 42.00 | +0.2 | 8.09 | 47.36 | 35.87 | 39.32 | 36.70 | 41.92 | 75.36 | 41.18 | 64.38 |
| Norway (30) | 210.32 | +0.6 | 160.40 | 175.82 | 164.48 | 167.00 | +1.2 | 1.67 | 209.11 | 158.38 | 173.62 | 162.05 | 164.98 | 276.79 | 182.24 | 233.90 |
| Singapore (25) | 191.74 | +1.1 | 146.23 | 160.29 | 149.93 | 151.72 | +0.8 | 2.74 | 189.72 | 143.70 | 157.53 | 147.02 | 150.47 | 209.24 | 147.24 | 192.36 |
| South Africa (60) | 195.57 | +0.9 | 149.15 | 163.48 | 152.91 | 136.62 | −0.7 | 3.98 | 193.90 | 146.86 | 160.99 | 150.25 | 137.83 | 251.39 | 151.50 | 205.03 |
| Spain (41) | 166.11 | +0.4 | 126.68 | 138.87 | 129.88 | 117.98 | +1.3 | 4.81 | 165.52 | 125.37 | 137.43 | 128.28 | 116.49 | 182.25 | 128.54 | 150.65 |
| Sweden (27) | 188.54 | +1.0 | 143.79 | 157.62 | 147.43 | 155.68 | +1.5 | 2.63 | 186.68 | 141.39 | 155.00 | 144.66 | 153.31 | 234.93 | 146.60 | 182.37 |
| Switzerland (65) | 98.85 | −0.6 | 75.39 | 82.65 | 77.31 | 79.03 | +0.6 | 2.61 | 99.44 | 75.31 | 82.57 | 77.07 | 78.54 | 109.77 | 82.17 | 94.99 |
| United Kingdom (296) | 180.71 | −0.6 | 137.82 | 151.05 | 141.29 | 137.82 | +0.1 | 5.11 | 181.75 | 137.66 | 150.89 | 140.82 | 137.65 | 182.40 | 139.87 | 155.48 |
| USA (526) | 148.16 | +0.2 | 112.99 | 123.86 | 115.85 | 148.16 | +0.2 | 3.31 | 147.82 | 111.95 | 122.73 | 114.55 | 147.82 | 149.56 | 119.06 | 131.32 |
| Europe (940) | 148.53 | −0.3 | 113.28 | 124.17 | 116.14 | 115.04 | +0.5 | 4.07 | 149.02 | 112.87 | 123.73 | 115.48 | 114.51 | 157.65 | 124.91 | 138.62 |
| Nordic (110) | 192.50 | +0.4 | 146.81 | 160.93 | 150.52 | 148.65 | +1.0 | 2.11 | 191.75 | 145.23 | 159.21 | 148.59 | 147.24 | 223.29 | 155.55 | 189.56 |
| Pacific Basin (650) | 141.43 | −1.2 | 107.86 | 118.23 | 110.59 | 119.00 | −0.5 | 1.06 | 143.13 | 108.41 | 118.84 | 110.91 | 119.65 | 192.76 | 107.82 | 165.40 |
| Euro−Pacific (1590) | 144.69 | −0.8 | 110.35 | 120.95 | 113.13 | 118.18 | −0.1 | 2.33 | 145.90 | 110.50 | 121.13 | 113.05 | 118.32 | 174.18 | 118.03 | 154.93 |
| North America (642) | 147.41 | +0.2 | 112.42 | 123.24 | 115.28 | 145.91 | +0.2 | 3.32 | 147.14 | 111.45 | 122.18 | 114.04 | 145.65 | 148.87 | 119.26 | 131.62 |
| Europe Ex. UK (644) | 128.69 | −0.1 | 98.14 | 107.60 | 100.65 | 101.61 | +0.7 | 3.31 | 128.88 | 97.61 | 107.03 | 99.89 | 100.90 | 145.62 | 106.85 | 127.10 |
| Pacific Ex. Japan (197) | 131.40 | +0.5 | 100.21 | 109.86 | 102.76 | 116.26 | +0.7 | 5.31 | 130.71 | 99.00 | 108.55 | 101.30 | 115.41 | 146.72 | 111.40 | 130.95 |
| World Ex. US (1778) | 145.21 | −0.8 | 110.75 | 121.40 | 113.55 | 118.72 | −0.2 | 2.38 | 146.38 | 110.87 | 121.55 | 113.44 | 118.89 | 173.77 | 117.12 | 154.98 |
| World Ex. UK (2008) | 141.60 | −0.4 | 107.99 | 118.38 | 110.73 | 126.92 | +0.0 | 2.40 | 142.21 | 107.71 | 118.08 | 110.21 | 126.96 | 162.00 | 115.37 | 144.56 |
| World Ex. So. Af. (2244) | 144.77 | −0.5 | 110.41 | 121.03 | 113.21 | 127.92 | +0.0 | 2.69 | 145.43 | 110.15 | 120.76 | 112.70 | 127.93 | 161.84 | 118.04 | 145.15 |
| World Ex. Japan (1851) | 147.99 | +0.0 | 112.87 | 123.73 | 115.74 | 132.71 | +0.3 | 3.70 | 147.99 | 112.09 | 122.89 | 114.70 | 132.32 | 151.69 | 124.31 | 135.25 |
| The World Index (2304) | 145.07 | −0.4 | 110.64 | 121.28 | 113.44 | 127.98 | +0.0 | 2.70 | 145.72 | 110.37 | 120.99 | 112.93 | 128.00 | 162.05 | 118.33 | 145.61 |


Latest prices were unavailable for this edition.

FT LAW REPORTS

# Arab fund can sue in UK

ARAB MONETARY FUND v HASHIM AND OTHERS
House of Lords (Lord Bridge of Harwich, Lord Templeman, Lord Griffiths, Lord Ackner and Lord Lowry):
February 21 1991

THE ARAB Monetary Fund is an international organisation incorporated by a foreign state recognised by the UK government, and accordingly the English court, by comity, recognises it as a separate legal entity with capacity to sue in the UK.

The House of Lords so held (Lord Lowry dissenting) when allowing an appeal by the Arab Monetary Fund from a Court of Appeal decision that it had no capacity as a legal person to sue Dr Jawad Mahmoud Hashim and others including the First National Bank of Chicago and three subsidiaries, in the UK.

LORD TEMPLEMAN said that by agreement dated April 27 1976, 20 Arab states and Palestine established an Arab organisation known as the Arab Monetary Fund. Its purpose was to lay the monetary foundations of Arab economic integration and to accelerate economic development in Arab countries.

The agreement provided that the Fund should have independent juridical personality and the right to litigate. The head office was to be in Abu Dhabi. The Fund was to be composed of the board of governors, the board of executive directors and its director-general/president, committees, employees, and experts.

The United Arab Emirates (UAE) was an independent sovereign state. By its constitution, a treaty entered into by the UAE became binding on and within the UAE, after confirmation and ratification by decree.

The AMF agreement was duly confirmed and ratified by decree No 35. The decree was published on April 16 1977 with the articles of agreement of the AMF agreement attached. On the expert evidence, the decree conferred on the Fund independent legal personality, and the capacity to sue and be sued in UAE law.

Thus the Fund was created a corporate body of the UAE. It corresponded roughly to an English company limited by shares, with the member states as the shareholders, a board of governors which represented the shareholders, a board of executive directors, and a director-general corresponding to a managing director.

The AMF agreement came into force on February 13 1977. Dr Hashim was director-general between 1977 and 1982.

For the purposes of the present appeal it must be assumed, as the Fund alleged, that while director-general, Dr Hashim stole about $50m from the Fund, and that the respondent banks enabled him to launder a substantial part of the money through numbered accounts.

The Fund sought to recover the embezzled sums or the assets representing those sums. Dr Hashim, his wife and two sons, a Liechtenstein Anstalt which was the *alter ego* of Dr Hashim, and the respondent banks, applied to strike out the claim. Mr Justice Hoffmann dismissed the application. The Court of Appeal (Lord Justice Bingham dissenting) struck out the statement of claim on the ground that the Fund lacked capacity to sue. The Fund now appealed.

Although a treaty could not become part of UK law without intervention of Parliament, recognition of foreign states was matter for the Crown. By comity the UK courts recognised a corporate body created by the law of a foreign state recognised by the Crown.

The banks submitted that the Fund was created a legal personality not only by the UAE, but also by the other 20 states who were parties to the AMF agreement. Therefore, it was said, there were 21 legal personalities and it was not clear whether Dr Hashim allegedly embezzled the money of the UAE Fund, or the money of a Fund established by some other Arab state.

Though the Fund was incorporated by 21 states and had multiple incorporation and multiple nationality, there was only one Fund with its head office in Abu Dhabi, one board of governors, one board of executive directors, and one director -general. The articles of agreement annexed to federal decree No 35 and which thus became part of UAE law, were no different from the memorandum and articles of a limited liability company established under English law.

It was beyond dispute that if the Fund had been incorporated in the UAE and nowhere else, the Fund would have been recognised in the UK as a legal personality. If it had been incorporated not only in the UAE but also in a number of friendly states recognised by the UK government , it still had legal personality and was capable of suing in the UK.

The evidence was that the Fund held assets and had incurred liabilities in its own name in every part of the world. It had in its own name deposits in the London market which, at June 31 1989, exceeded $235m.

The Fund had brought proceedings in different parts of the world. It might safely be assumed that no one except Dr Hashim and the other respondents had doubted that the Fund was a separate corporate entity or had conceived the fanciful notion of the existence of more than one fund.

The $235m deposits must belong to someone entitled to sue for them recognisable by the English courts. It would be perverse of the English courts to pretend that there was any insuperable difficulty in identifying and recognising the Fund, which owned the deposits and was entitled to recover embezzled money.

The majority in the Court of Appeal felt inhibited by *Rayner v DTI [1990] 2 AC 418 (Tin Case)* in which it was held that member states were not liable for the debts of the International Tin Council because, by Order in Council, it was created a separate legal person.

The *Tin Case* left untouched the principle that recognition of a foreign state was a matter for the Crown, and the principle that if a foreign state was recognised by the Crown UK courts would recognise the corporate bodies created by that state.

There was nothing in the *Tin Case* which supported the argument that the federal decree only recognised an international organisation and did not create the Fund a corporate body. The Tin Case decision was inconsistent with the argument.

In the *Tin Case* there was the ITC treaty followed by the Order in Council, which created the ITC a corporate body. In the present case there was the AMF agreement followed by federal decree No 35, which created the Fund a corporate body.

The UK government, through the Foreign and Commonwealth Office, had expressed its willingness to recognise an international organisation which had been incorporated by a foreign sovereign state. There was every reason why the English courts should take the same course.

There was no uniform practice with regard to international organisations in the UK.

In some cases, as in the *Tin Case*, the organisation was given corporate capacity by Order in Council under the International Organisations Act 1968. In other cases treaty provisions agreeing to establishment of the international organisation were decreed by Parliament to have force of law (eg Bretton Woods Agreements Act 1945).

In other cases, principally but not exclusively cases where the UK was not party to a treaty, no legislative steps were taken in the UK. But that did not debar the government from recognising the international organisation as a separate entity by comity, provided that the separate entity was created not by the treaty, but by one or more of the member states.

That was the position of the Fund.

There was no reason for concluding that Dr Hashim or the other respondents could not be sued in the UK.

The status of an organisation incorporated by a foreign state was recognised by UK courts. The status of an international organisation incorporated by at least one foreign state should also be recognised by UK courts.

The appeals were allowed.

LORD BRIDGE, LORD GRIFFITHS AND LORD ACKNER agreed.

LORD LOWRY dissenting, said that the expert evidence was that the Fund had independent legal personality "conferred " on it by federal decree No 35. The power under the International Organisations Act 1968 was to "confer" on the organisation the legal capacities of a body corporate. References in the *Tin Case* to "creation" of a legal person did not assist the Fund. The Fund's proposition that it could sue in the UK could not be reconciled with the policy inherent in the 1968 Act, which not only restricted the classes of international organisation that could have legal personality conferred on them, but made the conferment subject to executive discretion and Parliamentary control.

*For the Fund: Gordon Pollock QC and Charles Flint (Freshfields).*

*For the banks: Jonathan Sumption QC and Mark Howard (Allen & Overy).*

**Rachel Davies**
*Barrister*